Daily Report

Central Eurasia

FBIS-SOV-95-140
Friday
21 July 1995

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FBIS-SOV-95-140 *21 July 1995*

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ITAR-TASS Carries Press Review for 21 Jul

LD2107063495 Moscow ITAR-TASS in English 0624 GMT 21 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, July 21 (ITAR-TASS) — ROSSIYSKAYA GAZETA on the situation in Groznyy, where talks on a settlement of the Chechen conflict continued on Thursday.

"Either by a chance coincidence or by malicious intention of the opponents of the peace talks, the situation in Groznyy became aggravated again on the night from July 19 to 20. A beheaded body of a Russian soldier was found on Staropromyslovsky road at the entrance to the city. A military unit, on the territory of which a delegation of the government of the Russian Federation is accommodated, was fired upon from automatic weapons, machine-guns and grenade launchers.

"The Dudayev administration-run newspaper ICHKERIA is being distributed on the market and other places. The newspaper carries in particular a statement by "Chechen army" commanders who vow that "there are no earthly benefits and forces that can make us turn off the road granted by the Almighty".

IZVESTIYA on the Chechnya situation.

The newspaper reports that the United Nations Organisation has extended the programme for humanitarian aid to the republic's displaced persons until December 31, 1995. This decision was prompted by two circumstances: the cessation of combat operations on the republic's territory and the peace talks in Groznyy.

OBSHCHAYA GAZETA frontpages an article by NTV Network President Igor Malashenko about the scandal over the Puppets programme.

"A new onslaught on the NTV Network began in recent days. An instruction to start an inquiry into the airing of an interview with Shamil Basayev by the Network, was signed in the Office of the Prosecutor-General on July 13. On the next day, news agencies reported that the Office of the Prosecutor-General instituted criminal proceedings against the Network in connection with the Puppets programme.

"It is understandable that the coincidence of the two moves is not fortuitous. Someone obviously was in a hurry to report to his superiors about actions taken against the NTV.

"However, it cannot be ruled out that the calculations of our ill-wishers are more far-reaching than that. In the worst scenario, the two cases may be brought to law-court which will decide that the NTV Network had contravened law and issue a judicial warning on each case. After which, evidently, an attempt will be made to deprive the NTV of the certificate of registration as a news media and, it means, get the NTV off the air."

IZVESTIYA on the situation around the death of Patriarch Vladimir in Kiev.

"The general government version: unrest was initiated not by believers and bewailing women in the funeral procession but by Deputies who have a rather vague relation to the church. Representatives from the Rukh and UNA-UNSO movements were walking at the head of the funeral procession like they would do during a demonstration. The funeral ended in a way which is traditional for demonstrations in Kiev".

"Patriarch's Locum Tenens Filaret of Kiev and All-Ukraine, who had been defrocked at one time and who obviously sympathises with the UNSO people, at a press conference, blamed police for what happened, and explained the provocative decision to change the place of burial in the following way: 'we Ukrainians must be masters in our own land and bury the Patriarch wherever we deem necessary'".

TRUD on the same subject.

"Impromptu meetings take place outside the entrance to the St. Sophia Cathedral sanctuary for the second day. It is difficult to predict what will happen tomorrow.

"'Reconciliation Commissions', consisting of representatives from the government, scholars, and clergy, are conferring these days to determine and legalise places where top church dignitaries should be buried henceforth".

Vice-Premier Roman Shpek does not rule it out that Patriarch Vladimir may be re-buried either on the 9th or on the 40th day after his death, most likely in the grounds of St. Sophia Cathedral at a site to be decided upon by historians and archeologists.

ROSSIYSKIE VESTI on the second voting in the State Duma on the candidacy of Tatyana Paramonova who had been recommended by the President for the position of the Central Bank Chief.

"During the period which remains until a parliamentary recess, the Duma is unlikely to be able to consider a new candidacy for the Bank Chief, for it must be preliminarily considered by an appropriate committee. So, until October, Tatyana Paramonova is most likely to continue to perform the duties of Central Bank Chief".

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Kozyrev, Grachev Arrive for Contact Group Talks

LD2007152695 Moscow ITAR-TASS World Service in Russian 1418 GMT 20 Jul 95

[By ITAR-TASS correspondent Igor Polskiy]

[FBIS Translated Excerpt] London, 20 Jul (ITAR-TASS) — Foreign Minister Andrey Kozyrev and Defense Minister Pavel Grachev today arrived in London for a session of the international "Contact Group" for settling the conflict in the former Yugoslavia scheduled for tomorrow. [passage omitted]

Diplomat on NATO Strike Possibility

LD2107105795 Moscow INTERFAX in English 0955 GMT 21 Jul 95

[FBIS Transcribed Text] LONDON, July 21 (INTERFAX) — If the Bosnian Serbs, who have taken the Srebrenica and Zepa security zones, will not leave Gorazde in peace, NATO aircraft may deal massive air strikes against them. "At least, the United States, France and Britain insist on that", a senior Russian diplomat close to Foreign Minister Andrey Kozyrev has said.

Kozyrev and Defence Minister Pavel Grachev are attending an enlarged session of the Contact Group for Bosnia in London. Apart from the foreign and defence ministers of the Contact Group countries — Russia, the USA, Britain, France and Germany — the conference is attended by representatives of the 11 states which sent their peace-keepers to Bosnia, including Ukraine.

The source said that preliminary contacts by the Russian delegation have shown that the London conference will be a no easy one. Kozyrev on Thursday met with the US Secretary of State Warren Christopher. On the same day Kozyrev and Grachev met with the British foreign and defence ministers Malcolm Rifkind and Michael Portillo.

The diplomat said that the future of Bosnian Serbs was in their own hands. "The world community in general, including NATO, in the bid to save faces would go as far as necessary to defend Gorazde", he said.

The Russian foreign ministry official said that "the effectiveness of a likely massive air strike on the Bosnian Serb positions would be minimal as usual".

"The strikes may take place only if the Bosnian Serbs and their military leader Ratko Mladic fail to respond to the statement the London conference would apparently issue and do not give up the intention to take Gorazde", the source said.

He confirmed that Russia still preferred political means of settling the conflict and believed that they were far from exhausted. "Our colleagues in the contact group do not call that in question. They merely state that in any case the Bosnian Serbs have so far turned a deaf ear to the voice of reason, and political methods have yielded no results", the diplomat said.

He did not rule out that in London the possibility of lifting the ban on arms supplies to the Bosnian Muslims, something the American law-makers insist on, would be discussed in this or that way. "Lifting the embargo would immediately spell the withdrawal of United Nations peacekeepers, including Russian ones, from Bosnia", he said.

The source did not rule out that some countries might unilaterally withdraw their peace-keepers in case the Bosnian Serbs take Gorazde after all and it would be plunged into chaos.

"Russia will not be among such countries. We are still for all decisions concerning peace-keepers to be made collectively", he said.

The diplomat said that the London conference would consider the possibility of lifting foreign sanctions from Belgrade: "A great deal would depend on what assessment of policies by the Union Republic of Yugoslavia is made by the co-chairman of the international conference on former Yugoslavia Carl Bildt. At this point it is clear that this step is the issue of the day and must be taken on the principle of the lifting of sanctions in exchange for the mutual recognition of Belgrade and Sarajevo".

Contact Group Meeting Previewed

MK2107080295 Moscow SEGODNYA in Russian 21 Jul 95 p 1

[Report by Vladimir Abarinov: "The Contact Group Between Power and Powerlessness. Moscow Is Being Assigned the Traditional Role of a 'Good Investigator'"]

[FBIS Translated Text] Russia's foreign affairs and defense ministers yesterday went to London to take part in a session of the Contact Group on a Bosnian settlement. The meeting is taking place in expanded form: The ministers not only of the Contact Group states, but also of countries whose military contingents are part of the UN peacekeeping force have arrived.

The Russian Foreign Ministry predictably provided very scanty comment on the upcoming discussion. Judging from statements by officials and anonymous "sources," Moscow still advocates exclusively peaceful, political methods for a settlement and is counting on British support in this respect. John Major's speech in the House of Commons Tuesday indeed gives some grounds for such hopes. However, on Wednesday Washington, London,

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and Paris began a round of intensive consultations with the direct participation of top officials, with the Americans indicating in no uncertain terms that they intend to present Kozyrev and Grachev with a consolidated plan of action. This plan was been worked out in the Pentagon and envisions an intensification of air strikes on Bosnian Serb positions and the creation of a new command structure excluding the need to request UN approval.

Moscow, as usual, is expected to exert new pressure on Belgrade and Pale. The Western partners, understandably, are ready to put up with anti-militarist rhetoric as long as Russia does not mar its immaculate credentials and does not compromise itself in the Serbs' eyes. This scheme in its time forced the Serbs to comply with the terms of the NATO Sarajevo ultimatum. Since then, however, the Serbs' tactics have taken on a fundamentally different character, while the peacekeepers with their current mandate demonstrate their utter powerlessness and defenselessness. Nonetheless, the signs are that the Contact Group has no other ideas.

Croatia's Granic Interviewed on Balkan Situation

MK2107120495 Moscow SEGODNYA in Russian 21 Jul 95 p 9

[Interview with Mate Granic, foreign minister of Croatia, by Sergey Romanenko: "Mate Granic: We Have Always Stressed the Positive Factors in Our Relations With Russia" — in Moscow on 18 or 19 July; first paragraph is introduction]

[FBIS Translated Text] On 18-19 July Croatian Foreign Minister Mate Granic was in Moscow on an official visit. He had negotiations with Russian Foreign Minister Andrey Kozyrev. The new building of the Embassy of the Republic of Croatia in Moscow was officially inaugurated.

[Romanenko] Have your negotiations with regard to the "Yugoslav problem" been successful?

[Granic] We agree on the basic principles: peaceful reintegration of the occupied territories with the guarantee of local autonomy for the Serbs in the communities where prior to the war they constituted the majority. As for a Bosnian settlement, a solution can be found based on the Contact Group plan and the Washington accords. The offensive operations by Bosnian Serbs must be stopped. We have discussed not only the current situation, but also possibilities for a final resolution of the crisis. Mr. Kozyrev stressed the very important role of President Tudjman in addressing the crisis. We, for our part, spoke in favor of a more balanced approach by the Russian Federation toward the crisis in the region. This means an equally impartial position both with respect to Croatia and with respect to Serbia. There are no reasons for Russia's one-sided orientation.

[Romanenko] Where do Croatia's and Russia's positions converge and where do they differ?

[Granic] I believe that we agree on the main thing: It is necessary to find a peaceful solution to the crisis. In this respect Croatia's and Russia's positions are very close. I would say the same about the basic principles for resolving the crisis in Bosnia and Herzegovina. The differences consist in that we believe that Russia is exerting a positive impact on Serbia, but we advocate a fully balanced approach also with respect to the Republic of Croatia, without a one-sided orientation toward Serbia. Croatia also wants to see and in fact does see itself in the future as a modern European state which will not be connected exclusively with just one state but will be open for cooperation with the whole of Europe.

[Romanenko] Where you do think the reason lies for the mutual misunderstanding or cooling-off in the relations between Croatia and Russia?

[Granic] I would not say that there has been a cooling-off in our relations: We have not always been satisfied with the Russian Federation's position on some issues in the UN Security Council, and sometimes in the Contact Group. But we have always stressed the positive factors in our relations: Russia's recognition of Croatia's independence, its territorial integrity and sovereignty, and also the peaceful option in resolving the conflict.

[Romanenko] Have reciprocal visits by our presidents been planned?

[Granic] This has not been planned yet. But we would surely welcome President Boris Yeltsin's visit to Zagreb. We have agreed on some other important visits: on mixed commission sessions which will take place in Zagreb. We hope that a visit to Croatia by Russian Deputy Prime Minister Davydov will take place. We have agreed to make our meetings at various levels more frequent.

[Romanenko] In what areas could the Croatian Government find a compromise with the authorities of the self-proclaimed republic of Serb Krajina? What is the most difficult problem?

[Granic] The most difficult problem is to find a competent partner in negotiations who will negotiate on the substance of the problem. That is to say, on local autonomy for the Serbs within the boundaries of the Republic of Croatia in accordance with Security Council decisions. Second, the recognition of the Republic of Croatia by Milosevic and the ending of a situation where he in

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effect keeps part of Croatia's territory occupied. If these two problems were resolved, then the reintegration of these parts would be a purely technical problem. In the future we want to restore fully relations with Serbia and live as good neighbors integrated into Europe.

[Romanenko] Does this mean that Zagreb's main partner in the negotiations is not Krajina Serb leader Martic, but rather Yugoslav Republic President Milosevic?

[Granic] Martic, especially after the shelling of Zagreb, cannot be one. We could negotiate with any other official. As for Milosevic, his influence in the occupied territories is not in doubt. We believe that the extent of his influence presupposes responsibility. Therefore, we do not agree to the lifting of sanctions against Serbia until it recognizes Croatia.

[Romanenko] How do you assess the role of the UN and the role of the UN troops?

[Granic] To date they have not carried out their missions as defined under the Security Council resolutions; they have not fulfilled their mandate. The implementation of this mandate means control of the borders, which would make a great contribution to the peaceful resolution of the crisis.

Foreign Ministry Spokesman Holds News Conference

Comments on Contact Group Meeting

LD2007132295 Moscow INTERFAX in English 1213 GMT 20 Jul 95

[FBIS Transcribed Text] MOSCOW, July 20 (INTERFAX) — Russia believes that political ways of settling the Bosnian conflict are still there and Russian Foreign and Defense Ministers Andrey Kozyrev and Pavel Grachev will say so at a contact group meeting in London on Friday, a foreign ministry spokesman said on Thursday.

Georgiy Karasin said that the London meeting would focus on three main issues: a Bosnian settlement, the military situation and humanitarian issues there.

On the first one, he said the contract group must continue work with Belgrade and the warring Bosnian sides to try to reopen a productive dialogue but not until an immediate ceasefire was firmly in place in the region.

On the military situation, Karasin said the question was one of the UNPROFOR's mandate and possible changes to it. He said France's proposal for a limited but tough military action in Bosnia and the possibility of using NATO troops in the event of a pullout by UN peacekeepers was also to be discussed.

Karasin said there was a worsening of the humanitarian situation in parts of Bosnia because of continued fighting and blockade there.

Condemns Seizure of Safe Areas

LD2007163295 Moscow INTERFAX in English 1530 GMT 20 Jul 95

[FBIS Transcribed Text] MOSCOW, July 20 (INTERFAX) — Moscow has condemned the seizure of the U.N.-declared safe areas of Srebrenica and Zepa by the Bosnian Serbs.

Russian Foreign Ministry spokesman Grigoriy Karasin told a briefing today that Moscow condemned "any actions of the parties involved in the Bosnian conflicts, which entangle human sufferings to this or that extent, no matter whether it is a seizure of populated centers or the taking of peacekeepers hostage."

"Our point of view remains unchanged in this sense," he added.

Karasin said Moscow's position before the London meeting of the contact group on Bosnia had been worked out jointly by the Russian Foreign and Defense Ministries.

He said Moscow's position was that the search for areas in which the contact group could interact with the conflicting parties should be continued, as should active work with the Belgrade leaders.

Karasin said Moscow was in favor of deciding on concrete moves for encouraging "the reasonable policy" of Belgrade and its attitude towards events in Bosnia.

Karasin said Moscow meant firstly softening and then removing the remaining sanctions against Belgrade.

Ukrainian Premier's Visit Previewed

LD2007140995 Moscow ITAR-TASS in English 1350 GMT 20 Jul 95

[By Valeriy Sevryukov]

[FBIS Transcribed Text] MOSCOW, July 20 (ITAR-TASS) — The oncoming working trip by prime minister of Ukraine Yevheniy Marchuk to Moscow scheduled for July 26 must become a "serious step" in the preparation for Russian President Boris Yeltsin's visit to Ukraine, Russian Foreign Ministry spokesman Grigoriy Karasin told a briefing here today.

The Russian President's visit was postponed several times because of contradictions in mutual relations of the two states.

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A list of Russo-Ukrainian agreements on cooperation in the economic and humanitarian fields which are likely to be signed during premier Yevheniy Marchuk's visit to Moscow, was discussed in the course of the working trip by deputy Foreign minister of the Russian Federation Sergey Krylov to Kiev on July 18-19.

He handed over Boris Yeltsin's personal message to President Leonid Kuchma of Ukraine, as well as drafts of inter-governmental agreements on parameters of the division of the Black sea fleet and on the status of the Black sea fleet of the Russian Federation on the Ukrainian territory. These drafts were prepared on the basis of the Sochi agreements.

According to Russian Foreign ministry spokesman Grigoriy Karasin, the Ukrainian side intends to study these documents thoroughly together with Russian experts as soon as possible and prepare recommendations for the oncoming meeting of the heads of the two governments.

Russia and Ukraine also intend to develop closer interaction on international problems.

U.S. Ambassador, MVD Chief Discuss Crime

MM2107085095 Moscow ROSSIYSKIYE VESTI in Russian 21 Jul 95 p 1

[Unattributed report: "Pickering Guest of Detectives"]

[FBIS Translated Text] A meeting has been held at the Russian MVD [Ministry of Internal Affairs] between Colonel General Anatoliy Kulikov, Russian Federation minister of internal affairs, and Thomas Pickering, U.S. ambassador to Russia. The state of cooperation between Russian and U.S. law-enforcement organs in the fight against international crime and measures to further strengthen cooperation in this sphere were discussed in detail during the meeting. Mr. Pickering was briefed in detail on the work being done by the Russian MVD to find U.S. citizen Fred Cuny, who is missing in Chechnya.

Man Arrested in Austria for Spying for Russia

AU2007202095 Vienna ORF Teletext in German 1803 GMT 20 Jul 95

[FBIS Translated Text] A suspected spy has been arrested in Upper Austria. According to a report in the OBEROESTERREICHISCHE NACHRICHTEN, the man, who lives in the administrative district of Gmunden, collected military secrets in Austria for the Russian secret service over a period years. He is said to have received about 4,000 schillings per month. The spy is said to hold the rank of colonel. His cover was that of a businessman.

START II Menaced by 'Crisis of Confidence'

MM2007153195 Moscow KRASNAYA ZVEZDA in Russian 20 Jul 95 p 3

["Viewpoint" article by Aleksandr Golts: "Crisis of Confidence Threatens START II"]

[FBIS Translated Text] You would have thought that disarmament treaties which are checked out down to the finest details and contain highly detailed monitoring procedures do not and cannot have anything in common with such a unstable and constantly changing sphere as mutual confidence. But now that there is no doubt that the ratification of the START II Treaty in the Russian parliament will be extremely difficult, you realize that the level of trust is critically important for the future of this agreement. Those of us who remember the not overly competent debates on disarmament treaties by both the former Supreme Soviet and the current State Duma are considerably tempted to attribute the impending difficulties to sheer political intrigue on the part of our parliamentarians who are prepared to accuse the government of betraying national interests and capitulating to the West.

However, this time it is by no means just the extreme opposition that is calling for a leisurely approach to ratification. Federation Council Speaker Vladimir Shumeyko, who is completely loyal to the president, warned the U.S. secretary of defense of possible difficulties with ratification. And certain prominent foreign policy specialists are discussing this very point. In their opinion, the possibility of START II Treaty ratification is being complicated by the plans for NATO expansion via the countries of East and Central Europe.

In my view, the expansion of NATO is not the point. This expansion is simply the clearest example of the radical decline in the level of mutual trust between Moscow and the West. It is now appropriate to recall that START II was concluded at the height of mutual trust. What is more, without mutual trust it would never have been concluded. After all, the purpose of the agreement was by no means just that both countries would reduce their nuclear arsenals by the year 2003 to almost one-third their former size — to 3,500 warheads [boyezaryady]. Under this agreement Russia pledges to destroy precisely those weapons the United States most feared: MIRVed missiles. In exchange the United States agreed to cut sea-based and land-based missile warheads and limit the deployment of strategic aviation.

But Russia's concessions essentially boiled down to the fact that at the moment the treaty was signed early in 1993 it was clear to everyone that, by eliminating "heavy" missiles, Moscow was in effect changing the

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structure of its nuclear potential. However, by acting in this way Moscow will hardly be able to attain even START II's permitted ceiling. After all, Moscow will simply not have the money in the near future to build the requisite number of single-warhead land-based missiles and strategic bombers. You can only agree to this if you are confident that your partner will never view this as weakness and will never regard the balance of forces from a purely arithmetical viewpoint.

Admittedly, a number of analysts point out that we had no choice. By the year 2000 the missiles which Russia is giving up would have outlived their useful life. These missiles and their spares were manufactured in Ukraine. Retaining these missiles would mean making our strategic potential hostage to the difficult relations with Ukraine. But, on the other hand, it turns out that if the treaty is not ratified and consequently does not come into force, the United States will be able to preserve its entire nuclear arsenal. While Russia's potential will decline on its own — by virtue of its age. Also in START II's favor is the fact that the interpretation of criteria like, for instance, unacceptable damage has now changed radically (it is considered that even one missile which inflicts a strike on the United States will thus constitute unacceptable damage, fear of which is indeed a deterrent).

For all the complexity of the formula that has been elaborated, it will only work if the level of mutual trust is not diminished. After all, otherwise there will always be the danger of attempts to exert pressure on Russia. However, the facts attest that we are being denied trust. Here is one of the latest examples: In a draft for the next fiscal year Congress's House of Representatives has blocked the allocation of money to Russia in line with the Nunn-Lugar law. The reason being the accusations that Russia is still developing bacteriological weapons in breach of the 1972 convention. Significantly, suspicions that this agreement is being violated have been put forward virtually every year since it was concluded.

The point is that it is extremely hard, if not impossible, to monitor compliance with this convention. If someone wants to violate the convention they do not have to stockpile bacteriological weapons. These stocks can be created within a matter of a few hours. Consequently, bacteriological weapons do not exist in the kind of quantities whereby an inspection could establish that they are being developed. The conclusion is based on indirect indications, primarily the degree of protection afforded biological laboratories and the presence of special equipment at test sites. Some Russian experts think that equipment at the U.S. biological research center at Fort Detrick attests to the possibility of the creation of biological weapons there. U.S. experts who recently visited Russian biological centers evidently harbor similar suspicions. Throughout this period opinions have been exchanged via diplomatic channels on how to supplement the convention with an effective monitoring system. There was no need for mutual accusations. But as soon as an excuse was needed to express lack of confidence in a partner, the subject of bacteriological weapons surfaced in its silliest variant.

But the "bacteriological accusations" have worked once again. In order "to put pressure on Moscow," congressmen intend to suspend the financial aid to Russia, Ukraine, Belarus, and Kazakhstan for the implementation of the START I Treaty. Namely aid in transporting nuclear munitions back to Russia and destroying them there. If that happens Moscow will quite likely be unable to make the requisite cuts in time. And that will provide fresh grounds for mutual suspicion. A vicious circle.

It is high time we remembered a very obvious contradiction in the current Russian-U.S. agreements. While attempting to gradually and very cautiously reduce their gigantic strategic weapons arsenals, Moscow and Washington are right now obliged to preserve the old structure of global confrontation. There is probably no other option: It is impossible to dispose straightaway of arms that have taken decades to build up. And, as one U.S. president said, states arm because they do not trust one another.

The U.S. Congress is now demonstrating patent mistrust of Russia. It has decided to halt not only the funding for the destruction of the nuclear arsenals but also the construction of housing for servicemen withdrawn from the Baltic, and a number of other programs. Representatives of the U.S. Administration express the hope, admittedly not a very strong one, that it will be possible to revive these programs. But, even if that proves to be the case, Congress's decisions make us suspect it of trying to use these agreements to put pressure on Moscow on contentious issues that have nothing to do with the treaties themselves. For instance, the issue of the construction of nuclear power stations in Iran or Cuba.

These approaches may lead our parliamentarians into the dangerous temptation of themselves trying to put pressure on Washington by threatening to review these agreements. Which in turn undermines the only real basis of cooperation between the two countries. The virus of suspicion is not, needless to say, rated as a bacteriological weapon. But it is undoubtedly capable of transmission from one country's parliament to another. And this is indeed dangerous in the present situation.

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IMF Finds Economic Program 'Within Agreed Limits'

MK2107053895 Moscow SEGODNYA in Russian 20 Jul 95 p 1

[Report by Aleksandr Bekker: "The International Monetary Fund Mission Has Managed To Make Out What Russian Parameters Are"]

[FBIS Translated Text] The IMF mission finished its work in Moscow the day before yesterday [18 July] close to midnight. Having examined documents provided by the Economy Ministry, the Finance Ministry, the Central Bank, and the government's Economic Reform Commission, the IMF experts acknowledged that all the main parameters of the economic program are so far within agreed limits. In theory, such a conclusion clears the way for the receipt of the fifth tranche of the stand-by credit, although the IMF Board of Directors, to which the mission's report will be submitted, will as usual have the final word.

During the negotiations, the IMF experts voiced their concern over the excessively rapid rise in the money supply and the slow drop in inflation. By so doing, they restated the fears expressed in letters to Anatoliy Chubays and Tatyana Paramonova in May-June that the Central Bank's exchange rate policy, accompanied by the printing of large amounts of rubles, could have serious implications for financial stabilization. During the discussions in Moscow, the IMF experts urged the Central Bank to markedly cut down the cash supply and recommended that the policy of artificially strengthening the ruble be abandoned.

In its analytical memorandum on the results of the negotiations, the IMF mission pointed out that the tax collection level is low. Although this is not a key indicator, it affects the government's entire spending policy and thus is capable of triggering social tension. The experts proposed a number of fiscal measures for the collection of import duties, raising oil excise taxes, abolishing foreign trade and tax privileges, and winding up sectoral investment funds. They also recommended abolishing the practice of "preferential fencing-off" of wages under the 30:70 scheme, which allows enterprises to set aside about one third of the funds they receive to pay off their workers. Most of the enterprise bosses use the opportunity to utilize the money by keeping it in deposit accounts at commercial banks instead of paying out wages.

Another IMF mission is due to arrive in Moscow in August to comprehensively monitor the results of the first six months. The future of the June tranche will probably be finally known by that time. For the time being, however, the total amount of the stand-by credit, including the May tranche received on 12 July, is $2.2 billion.

After the meeting with First Deputy Finance Minister Vladimir Petrov, the IMF mission gave rather low marks to the draft 1996 budget. It considered the government's plans to raise the proportion of collected taxes in the GDP up to 16.9 percent in 1996 as unrealistic, since this year the Finance Ministry has had such great difficulties in attaining the figure of 13.6 percent of GDP. Any hopes for a substantial improvement in the performance of the tax agencies are not sufficiently grounded, and there will hardly be enough political will to resort to "draconian" measures in a presidential election year.

Minister Davydov on Country's WTO Membership

MM2107093195 Moscow ROSSIYSKIYE VESTI in Russian 21 Jul 95 p 2

[Report by Igor Sedykh under "Official" rubric: "Oleg Davydov: 'Russia's Voice Should Be Heard on Equal Terms'"]

[FBIS Translated Text] Geneva — Russia does not intend to request any concessions for itself on joining the World Trade Organization [WTO], Oleg Davydov, Russian Federation vice premier and minister of foreign economic relations, has stated. An RIA NOVOSTI correspondent spoke to him at ROSSIYSKIYE VESTI's request. The vice premier is heading the Russian delegation at talks with the WTO in Geneva. "We want to join on the standard terms as a developed country with a market economy," he said. "Asking for concessions would have the opposite effect — we would be bound by certain commitments and we would not be full members."

At the same time, Davydov noted that the GATT Uruguay Round agreements that led to the formation of the WTO allow countries that have not yet achieved a fully developed market economy to enjoy certain concessions regarding the timetable for bringing their national norms of legislation into line with the conditions and demands of the WTO. "We want to take advantage of this, but no more than this," he said. The vice premier also drew attention to the fact that even developed countries — specifically, Switzerland and the United States — had deferred changing their national legislation for a certain period of time.

What will joining the WTO mean for Russia? The vice premier stressed that the world is moving down the road of creating a system of global Bretton Woods institutions — the IMF, the World Bank, and the WTO. "These three organizations," he noted, "could establish

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a certain order in the sphere of international economic relations from the standpoint of currency stabilization, the provision of credit resources and aid, and from the standpoint of the rules governing trade, investment, and intellectual property. In opening up our economy we are increasingly dependent on these global decisions, But we have to have the right to influence their adoption."

Indeed, at the moment Russia is losing out from changes in the dollar rate and from the adoption of various trade restrictions. "But these decisions were taken without us, we did not even have a vote," the vice premier stressed. "Russia's admission to all the Bretton Woods system organizations will allow it to directly defend its interests."

Addressing a working group session, Davydov mentioned the problems of the WTO. "We can see that the differences between the member countries are becoming quite heated and, for example, WTO mechanisms are not working very well in the dispute between America and Japan," he explained.

In this situation, the vice premier believes that Russia's admission would strengthen the WTO: "A big country with a strong economic potential and whose opinion would have to be taken into account would be joining." Russia itself is experiencing "major discrimination" — quotas, antidumping measures, licenses, and increased customs duties are being applied against it. But while the country is not a GATT member, it has nowhere to turn for protection.

'Dawn of New Era' Seen in Relations With EU

MM2007130195 Moscow ROSSIYSKAYA GAZETA in Russian 20 Jul 95 p 7

[Article by Mikhail Shchipanov: "Farther and Farther Away From the 'Cold Peace'"]

[FBIS Translated Text] By the end of the century Russia could form a free-trade zone with the EU.

But those are plans for the future, so to speak. Last Monday [17 July], however, was "Russia Day" in Brussels, the acknowledged capital of the united Europe. Russian Foreign Minister Andrey Kozyrev signed the Interim Trade Agreement with the EU, while just around the corner, so to speak, a high-ranking Defense Ministry delegation was here to discuss the conditions for the expansion and deepening of cooperation between our country and the North Atlantic alliance. These events not only coincided in terms of time but also in terms of concepts. We shall return to that aspect later.

For the moment, however, I should explain to readers why the document in question is called interim. (Although, as they say, there is nothing more permanent than the temporary.)

The point is that at the meeting of EU heads of state and government on the Greek island of Corfu in May last year President Yeltsin signed the general agreement on cooperation with the EU. This document could have surfaced a year earlier at the EU summit in Denmark, but the conditions were not right then. However, even after the summit on that marvelous island there was still a time problem — the treaty signed there had to be ratified by the EU countries. The solution was an interim agreement capable of regulating the trade and economic aspects of Russia's relations with Western Europe, aspects which are vitally important for Russia. After all, it is no secret that our total trade with the EU countries is greater than Russia's trade in the markets of the CIS countries.

The problem is that, although experts of the Russian Ministry of Foreign Economic Relations estimate that 40 percent of Russia's foreign trade is with the EU states, there has still been a number of obstacles in the way of this flow of goods. These have frequently been blatantly discriminatory.

The new agreement signed by Andrey Kozyrev is also designed to eliminate a number of contradictions which are patently anachronistic. This document regulates questions connected with the trade regime, the conditions of honest and purely market-based competition, and the protection of intellectual property rights. It envisages a number of fundamental changes to the trade and economic system, because from now on the sides are committed to guaranteeing that goods imported onto their territory will enjoy a status no less favored than that enjoyed by their own. In the experts' opinion, all this should lead to a harmonization of tax conditions for imported goods as well as of the principles of taxation, including excise duties. In this way Russia has moved closer to the rules and requirements of the GATT, an organization that we plan to join.

An important gain for Russia is the EU countries' commitment not to impose quantitative restrictions on the import of Russian goods. Furthermore, it is now significantly harder to level at Russian producers the traditional accusations of dumping. Henceforth it will be necessary to take account of our natural competitive advantages without resorting to the familiar cliches of the era of the all-embracing state order.

The range of problems covered by the Interim Agreement also includes the transit of goods, customs activity, and questions of standardization and certification. In short, this really is the dawn of a new era in relations between Russia and Europe, which in recent months have

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been marked more by inequality and a definite imbalance.

In fact this document could have been signed six months ago. At that moment, however, two factors clearly delayed that event. First and foremost it was decided that Russia should be taught a mini-lesson because military confrontations had started in Chechnya. No one actually expressed verbal support for the Dudayev separatists, but Russia's methods of restoring constitutional order were deemed excessive, added to which Russia's will to conduct political dialogue in the North Caucasus was not clearly visible from Brussels.

The second factor considerably influencing our mutual relations with the whole range of Western suprastate structures was our drastic turnaround in regard to the incipient cooperation between Russia and NATO. We had refused to sign the "Partnership for Peace" program, or rather what seemed to be a separate plan for Russia within its framework. That was also regarded as a challenge, to which Brussels quickly responded by freezing the Interim Agreement. In short, the document signed this week had at that time become a hostage to the general cooling of the atmosphere.

But everything passes and, thank God, everything changes. At the meeting between President Yeltsin and President Clinton in May Russia's hostility toward the program of partnership with NATO gave way to benevolence. The Americans were given assurances that the cooperation plan will be signed, and then the well-known official talks in Groznyy began as well. In short, all the formal obstacles were removed. However, there are still certain disagreements among the EU grandees. For example, Germany and Britain openly campaigned for the earliest possible signing of a trade agreement, whereas France maintained an ostentatious caution on this question. However, the French reasons were more narrowly selfish. Paris is more afraid than anyone else of a new influx of Russian goods and sees this as a threat to its own economic interests. However, France did not dare oppose the European "united family" this time.

Thus an agreement which has been recognized as necessary for the past six months has now been signed. Optimists now prefer to contemplate the present economic prospects in the belief that by the end of the century Russia and the EU could well form a free-trade zone. Meanwhile, the important thing now is that the document signed by Kozyrev should begin working to its full capacity.

'Radical Restructuring' of EU Trade Ties Welcomed

MM2007165295 Moscow IZVESTIYA in Russian 20 Jul 95

[Article by Aleksey Portanskiy: "Partnership With European Union Becomes a Reality"]

[FBIS Translated Text] The other day a "Provisional Agreement on Trade and Related Matters Between the Russian Federation Government on One Side and the European [Economic] Community, the European Coal and Steel Community, and the European Atomic Energy Community" — that is the full title of the document — on the other, was signed in Brussels. As a result equal, nondiscriminatory partnership relations have been established between Russia and the European Union.

The provisional agreement is a truncated version of the full- scale Agreement on Partnership and Cooperation [APC] between Russia and the EU concluded on the island of Corfu last June. The APC can only be implemented after it has been ratified by the parliaments of all the EU countries and Russia. Since this is a lengthy process, in order to accelerate the actual entry into force of the provisions of the main document, the sides agreed to sign a provisional agreement which includes APC articles that do not require ratification, that is, do not require changes in the signatories' legislation.

The provisional agreement covers trading rules and also a number of a number of areas of customs activity, standardization, competition, and the safeguarding of intellectual property rights.

The most important aspect of the provisional agreement is the real benefits Russia receives immediately after it is signed in the sphere of exports, as a result of the lifting of numerous discriminatory restrictions that exist at present. The most unnatural of them is the antidumping procedures, which cause hundreds of millions of dollars' worth of damage a year. Under the agreement these procedures will only be used in accordance with GATT rules, that is, henceforth they cannot be used unilaterally without prior consultation.

Unilateral restrictions on supplies of goods without prior consultation as happened, for example, in the fall of 1993 with Russian aluminum, are now impossible.

With the provisional agreement's entry into force all quantitative trade restrictions, of which there are around 1,000 in the EU at the moment in relation to imports from Russia, are to be abolished except for three: trade in textiles, steel, and nuclear materials.

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This radical restructuring of EU trade and economic relations with Russia is of fundamental significance, since the EU will no longer be able to use the term "transitional economy" entirely at its own discretion and so suppress, when the situation suits it, competition from Russian goods on its own markets. With the transition to basic equality as a result of the abandonment of the policy of unilateral restrictions on trade, the EU has effectively been forced to acknowledge that Russia is no longer a country with a nonmarket economy. And this paves the way for Russia's future integration in the world economy.

The provisional agreement will have the requisite disciplining effect on Russia as well, particularly in the sphere of protection of intellectual property and preparation of legislative acts. For instance, Russia used not to make commitments at the international level on "transparent" legislation. Now, in the event of the government's adoption of any measures changing the conditions of trade (raising tariffs, introducing a special licensing procedure, and so on) these decisions must be announced in advance, as a rule at least one month in advance, so that interested parties can get their act together.

Recent months have seen an intensive rapprochement between the republics of the former USSR and the EU — a number of CIS states have signed trade agreements with the EU, and Lithuania, Latvia, and Estonia have obtained the status of associate members of the EU. The entry into force of the provisional agreement between the EU and the Russian Federation was also of marked moral and political significance for Moscow, since it banished the unpleasant sense of isolation which had intensified in the West in connection with the war in Chechnya.

Japan Agrees to New Credit Line for Enterprises

MM2007131395 Moscow IZVESTIYA (Financial Section) in Russian 20 Jul 95 p i

[EKOTASS report: "Russia and Japan Preparing Agreements on Credits"]

[FBIS Translated Text] Russia and Japan are preparing a number of agreements on the allocation of Japanese state credits for the modernization of several major industrial enterprises in Russia. The Export-Import Bank of Japan agreed to supply $400 million for this purpose. Russia is insisting that the sum be increased to $530 million by means of the humanitarian credit which was earlier promised by Japan but was not forthcoming. The Japanese side has no objections, but is prepared to expand the size of the credit line only gradually, as projects already agreed on are successfully implemented.

DPRK Seeks Russia's Participation in Trade Zone

LD2007194095 Moscow ITAR-TASS in English 1836 GMT 20 Jul 95

[By Aleksandr Fedoseyev]

[FBIS Transcribed Text] MOSCOW, July 20 (ITAR-TASS) — North Korea is interested in the participation of Russian business circles in creating a free trade and economic zone on its territory, Son Sung-pil, North Korean ambassador to Russia, said at a meeting with journalists here today.

A free trade and economic zone, unique for the Democratic People's Republic of Korea, whose economy has been "closed" until recently, is being established in this country for the first time and, according to experts, is an evidence of the republic's aspiration to expand foreign economic ties under the conditions of the present economic difficulties.

"There are no restrictions for those who wish to take part in the implementation of programs for the creation of a free trade and economic zone, the North Korean ambassador told ITAR-TASS.

They can be both international organizations and large-scale corporations, and medium-scale and small firms, as well as private individuals", he said.

A free trade and economic zone in the "Golden triangle" area with its powerful and ramified infrastructure will become an important international base for the transit of cargoes, processing of raw materials and will give an access to the large market in South-East Asia and North-East Asia, and taking into account the geographical proximity to the Russian Far East ports, to the European countries as well.

A great interest in the establishment of a free trade and economic zone in North Korea was shown by business people from the United States, Germany, China, Japan, Hong Kong and Malaysia.

North Korea has already signed large contracts with them for the reconstruction of ports, modernization of metallurgical and chemical integrated plants, the construction of high-speed trunk roads, hotels and communications centers. Russian entrepreneurs are also participating in the implementation of a number of projects, Son Sung-pil pointed out.

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'Little Progress' in Armenian-Azerbaijani Talks

MM2107091095 Moscow ROSSIYSKAYA GAZETA in Russian 21 Jul 95 p 7

[Report by Aleksandr Shinkin: "All the Same Disputes"]

[FBIS Translated Text] Following a lengthy break Armenian-Azerbaijani talks on the settlement of the Karabakh conflict have resumed. There have been two rounds. But, according to experts, the talks have made little progress and the disputes are the same as they were 10 months ago, say. They mainly revolve around three key issues: the future of Lachinskiy Rayon and the city of Shusha, and the status of Nagorno-Karabakh.

The Armenian side would like to see the so-called "Lachinskiy corridor" linking Karabakh and Armenia if not as part of the Nagorno-Karabakh Republic then at least under its troops' control. Baku will not accept that. The Azerbaijani side is insisting that Lachinskiy Rayon be demilitarized and that refugees return. However, it agrees that a "humanitarian corridor" should be in force in this rayon between Nagorno-Karabakh and Armenia. But international observers rather than military subunits should act as guarantees.

Shusha also remains stumbling block at the talks. Most of Nagorno-Karabakh's Azerbaijanis lived in this area before the conflict. Now Baku is insisting that the population that left the area should return. And it is demanding that the rayon be demilitarized. The Armenian side, which previously refused even to discuss this issue, is now agreeing to talk about it. But it still regards Shusha as a strategic military target and wants to keep troop formations there. So Yerevan stresses that only the problem of the refugees' return is subject to discussion on the question of Shusha.

There has been no progress at the talks on the status of Nagorno-Karabakh either. The Armenian side is naturally highlighting this matter since it associates it with the resolution of other problems. Baku is categorically refusing to hold dialogue on this subject since it considers it premature. In its view, occupied Azerbaijani territory should be liberated first. At the same time Baku, stressing the republic's territorial integrity, is hinting that Nagorno-Karabakh could be given the broadest of political and economic rights. And it is ready to give any guarantees on this.

Those are the differences between the sides' positions on matters of key importance for the signing of a political agreement to settle the Karabakh conflict.

The conflicting parties right now are agreed that the matter should be resolved by political means. In their "Helsinki statement" they urged all participants in the armed confrontation to observe the cease-fire and continue efforts to reach a peaceful solution to the problem.

By decision of the cochairmen of the OSCE [Organization for Security and Cooperation in Europe] Minsk Group it will hold a session in Austria in July after separate consultations with all the parties to the conflict.

Ministries Seen Differing on Caspian Oil Issue

MK2007112095 Moscow SEGODNYA in Russian 19 Jul 95 p 2

[Report by Natalya Olenich: "The Foreign Ministry Reproaches the Fuel Ministry for Its Connivance in 'Tearing the Caspian Away From Russia.'"]

[FBIS Translated Text] Parliamentary hearings "On the Legal, Economic, and Environmental Problems of the Caspian Sea" were held at the Federation Council yesterday, following a request by participants in the "Greater Volga" conference to the Federal Assembly's upper house in late May. One of the most acute problems for the Caspian region is the 2.6 meter rise in the sea level since 1978. Over the past 16 years more than 320 hectares of productive land have been flooded. The sea-affected area may encompass eight Dagestan rayons, including Makhachkala, Derbent, and Kaspiysk, some parts of Kalmykia, and Astrakhan Oblast. Several oil and gas production areas in Dagestan and Kalmykia are at risk of being flooded. This gives rise to the need for a package of measures to protect areas adjacent to the Caspian Sea.

It was, however, neither environmental problems nor the fishing situation upon which the parliamentary hearing focused. Yakov Ostrovskiy, deputy head of the Foreign Ministry's Legal Department, said that "no decisions on the problems of the Caspian can be made without taking the real situation into consideration." In his opinion, it is pointless to talk about five states in the Caspian region — Russia, Iran, Azerbaijan, Turkmenistan, and Kazakhstan — maintaining and using Caspian biological resources and discuss any other questions at a time when "the process of tearing the Caspian Sea away from Russia has started." "If the process persists, the Caspian will be lost for Russia," the diplomat said. According to Mr. Ostrovskiy, Azerbaijan and Kazakhstan have "in fact established their own 'national sectors' in the Caspian Sea." Although, in the Russian diplomat's opinion, this is unlawful, the fact that it has been done already should be taken into account. It was for this reason that Azerbaijan refused to sign both the agreement on regional cooperation in the Caspian region and the agreement on the use of biological resources. More specifically, the Foreign Ministry official said that "we should not forget that

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behind Azerbaijan and Kazakhstan there are U.S. and U.K. monopolies urging these countries not to sign any agreements with Russia."

The diplomat believes that the stance of these former Soviet republics will continue to be dictated by foreign monopolies, which do not care much for sturgeon but show great interest in oil. As for the de facto recognition of the Azerbaijani sector in the Caspian Sea, Mr. Ostrovskiy held the Fuel and Energy Ministry responsible, since its head, Yuriy Shafranik — having been authorized by neither the Russian Foreign Ministry nor the government — had been present at the signing of the contract between Azerbaijan and an international consortium on the development of Caspian oil deposits.

The Fuel and Energy Ministry official present at the hearing, though, chose not to go into the legal niceties of the Caspian partition; instead, he tried to persuade the participants that Russia is interested not only in fish but in oil as well. In his words, "while we sit and wait, they will be pumping out oil," and Russia must do the same because the process, once started, cannot be stopped. According to the Fuel and Energy Ministry, the main thing to do now is to set up a committee to include all the countries in the Caspian region which would fix quotas for oil production, designate pipelines to be used, etc. In addition, the question of the fleet that was built with all-USSR money has to be brought up, and it should be decided whether it will be used jointly or on a lease basis.

In conversation with your SEGODNYA correspondent, Anatoliy Guzhvin, head of the Astrakhan Oblast administration — who was one of the initiators of holding a hearing on the Caspian Sea problems — categorically disagreed with the position taken by the Foreign Ministry and the Fuel and Energy Ministry. The latter's stance, in the governor's opinion, can be explained by its desire to enter the virgin oil production zone at any cost. As for the Foreign Ministry, Mr. Guzhvin thinks that it must take a more vigorous stand on the Caspian region. "I do not believe that the Foreign Ministry is unable to come to an agreement with Azerbaijan," the Astrakhan Oblast governor said. One way to exert pressure on Azerbaijan and Kazakhstan was invented by Yevgeniy Pavlov, a Federation Council member, who proposed that if these countries do "squander" their oil, they should be made to pay a part of the former USSR's debts.

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Political Affairs

Moscow Mayor on Meeting With 'Vigorous' Yeltsin

LD2007162995 Moscow INTERFAX in English 1530 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (INTERFAX) — Mayor of Moscow Yuriy Luzhkov, speaking after a 40-minute meeting with President Boris Yeltsin at Moscow's Central Clinical Hospital Thursday, described the meeting as "normal, good and useful."

In an interview with INTERFAX, Luzhkov said he was unaware of the medical assessment of Yeltsin's condition, but "we met a healthy, vigorous and active man. It seems to me we looked far more exhausted than him."

The mayor said the underground business complex on Manezhnaya Square and Kremlin facilities were discussed.

He said the president okayed one of the six options for restricting traffic on Manezhnaya Square.

Luzhkov also spoke of briefing the president about the pace of reconstruction of the Budennovsk hospital recently attacked by Chechen gunmen led by Shamil Basayev.

The two men also discussed preparations of the city ahead of the coming winter season, as well as the problems relating to the completion of new housing in the city.

Yeltsin Signs Law on Socioeconomic Development

LD2007161395 Moscow ITAR-TASS in English 1540 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (ITAR-TASS) — Russian President Boris Yeltsin on Thursday signed a Federal Law "On State Forecasting and Programmes of Socioeconomic Development of Russia," a report of the presidential press service says.

The law was adopted by the State Duma (the lower house of parliament) on June 23.

Constitutional Court 'Divided' Over Chechnya Action

LD2007162595 Moscow Mayak Radio Network in Russian 1530 GMT 20 Jul 95

[FBIS Translated Text] The IMA press agency has learned that the opinions of the Constitutional Court judges on the Chechen case have divided: 10 are in favor of recognizing the president's and government's actions as constitutional, while eight are against.

Dudayev Return to Power Said 'Out of Question'

LD2007171795 Moscow INTERFAX in English 1556 GMT 20 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] The negotiators headed by Nationalities and Regional Policy Minister Vyacheslav Mikhaylov and Dzhokhar Dudayev's supporters started in Groznyy Thursday.

As this issue of the Presidential Bulletin is being published, the Russian negotiators are analyzing the proposals on the status of the Chechen Republic made by Dudayev's representatives.

Russian Prime Minister Viktor Chernomyrdin staying in the West Siberia Tyumen region went on television to say that return of Dzhokhar Dudayev to power is out of the question. Chernomyrdin added that he is willing to compromise but Russia's unity is all-important.

He explained that compromise is possible only in organizing the republic's life and authority "but Chechnya is part of Russia and law and order must be restored there."

He also said that the army had defended Russia's unity "but the bloodshed has to be stopped by all means."

Chernomyrdin promised that an investigation will be carried out into illegal sales of arms to Dzhokhar Dudayev and his supporters. He confirmed that certain people in Moscow do not want peace in Chechnya.

Sergey Filatov, the presidential chief of staff, said that the protocol which has been 99 percent agreed should be signed in Groznyy as soon as possible. He told an MP club meeting in Moscow Wednesday that Dudayev's supporters delay the signing of the protocol until the Russian Constitutional Court [CC] hands out its ruling.

He expressed the hope that the CC ruling on the so-called Chechen case will be made known next week.

Once the protocol is signed, a presidential representative in Chechnya should be appointed and a conciliatory commission should be set up which will lay the groundwork for legislative elections in Chechnya next fall, Filatov said.

He emphasizes that the president follows closely the Groznyy talks.

The status of Chechnya is the key issue in the talks and so a formula is being sought which will uphold the Russian Constitution and reflect the situation in the Chechen Republic, Filatov explained.

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Russian Finance Minister Vladimir Panskov told the State Duma Thursday that rebuilding Chechnya will cost 4.5 trillion rubles.

Chernomyrdin Aims in Basayev Deals Queried

954F2827A Moscow MOSKOVSKIYE NOVOSTI in Russian No. 42, 18-25 Jun 95 p 5

[Article by Anatoliy Shabad, member of the State Duma of the Russia's Choice faction: "Chernomyrdin Contra Yeltsin: Will the Tragedy in Stavropol Halt the War in Chechnya?"]

[FBIS Translated Text] Spurred by the threat on the part of Russia's Democratic Choice to join the votes of its deputies with the vote of no confidence in the government (and this would have been sufficient for the no confidence to have held), Viktor Chernomyrdin emerged from the state of apathy and appeared decisively in the role of savior of the hostages and peacemaker. Having wrested the initiative from the hands of the president, the premier made a serious bid for leadership, confronting Yeltsin, who had returned from Halifax, with the impossibility of a revision of the agreement with Shamil Basayev. Thus (or approximately thus) are observers commenting on the events, full of dramatic tension, in Budennovsk.

Yet the course of these events is arranged in an entirely different logical and chronological sequence. I would recall that thus far in the Chechen war all Chernomyrdin's peace initiatives have been spurious and have worked merely to cover Yeltsin's reluctance to seek peaceful solutions. On each occasion merely a distribution of roles between the two leaders rather than confrontation has been discerned here. There is no reason to believe that things are any different this time either.

An axiomatic proposition is that the authorities always try to deceive terrorists, and the latter, while understanding this, are forced to believe, all the same, since they have no other choice. Deceiving terrorists here, even publicly and in the eyes of the world, is not shameful because it is for the sake of saving lives. Everyone will readily understand and excuse such a lie.

In exchange for the release of the hostages Chernomyrdin promised Basayev three things: an end to combat operations in Chechnya, political negotiations with the Dudayev leadership, and guarantees of a safe exit. The first two promises are completely nonbinding — the combat operations could be resumed at any moment, and the negotiations, broken off. Nor does the insubstantial makeup of the delegation appointed by the government allow us to suspect the premier of serious peaceful aspirations. It is sufficient to cast a glance at Arkadiy Volskiy, surprised at the mission that has been dumped on him, who sees it as his job to settle "in one day" the historical question of Chechnya being a part of the Russian Federation.

Despite the seven concussions he had sustained (as of February 1995) and his extreme nervous and physical exhaustion, Shamil Basayev cannot fail to be aware of the emptiness of the first two promises of his high telephone partner. But they have an important virtue: It is **honorable** to believe in them! The bloody act of terror could not have achieved anything more. Russia and the world have been given a telling reminder that the war is not over and that horrors are still to come, and no end to them is in sight.

The third promise is another matter. For Basayev and his comrades it is vitally important. Here he will make sure that he is not deceived. Government officials are an inadequate cover for the withdrawal, and their lives in the eyes of their leadership are worth little more than the lives of the thousands of people in Groznyy who did not manage with their bodies to protect the city against the bombs. Sergey Kovalev, Aleksandr Osovtsov, Mikhail Molostvov, and Valeriy Borshchev are far more suitable for the role of hostages. Although the value of their lives is measured in negative values, rather, this is happening before the world, in the event of things turning ugly. And forget about him, Basayev, let him go. He will be seen again, he is going nowhere.

Prime Minister Chernomyrdin's truly standard three-piece deceptive maneuver, like a puerile checkmate, leaves President Yeltsin no reasons for dissatisfaction. The latter is even spared the burden of a public lie. He bears, it is true, the responsibility for having approved the failed Saturday attacks on the hospital, in the course of which the liberators killed off plenty of the liberated. But not even this is a minus for him. Society, shaken by the terrorists' brutality in relation to the peaceful citizens, demanded retribution. And got it, sacrificing a further unspecified number of the same citizens. What was impossible on Saturday — the granting of honorable conditions and their acceptance — became appropriate on Sunday, after on the television screen those being killed entreated the liberators to stop killing them.

Viktor Chernomyrdin, who in accordance with all the rules of conflict study built Shamil Basayev a golden bridge for retreat, also qualified for the forgiveness of Russia's Democratic Choice, which was greatly reluctant to execute its threat of support for the vote of no confidence. At their party's Sunday congress the Russia's Choicers lifted this threat. The draft resolution of the Duma faction proposed acting "according to the situ-

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ation." Yegor Gaydar immediately narrowed this wording in his own hand, linking the faction's future decision with how the government protects "people's lives." The promises given the terrorists by Chernomyrdin that he would take the path of peace proved not to be under the protection of the congress. What of it, there is the internationally recognized rule that political demands, even the most just, as in this case, cannot be accepted under the pressure of terror. True, we are having to pay dearly for this.

Chernomyrdin Not Offended By State Duma Criticism

LD2007192195 Moscow ITAR-TASS in English 1906 GMT 20 Jul 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] Tyumen, July 20 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin said he did not feel offended by strong criticism expressed by several lawmakers on Wednesday [19 July] when the premier reported to the State Duma on the condition of Russia's economy and the work of the government from January 1995.

"We are sure that we do exactly what the Russian economy needs today," Chernomyrdin said on Thursday. He spoke before the press in the Tyumen airport where he came from Surgut within his two-day tour of the oil and gas-rich Tyumen region in Western Siberia.

In Surgut, the premier visited facilities of the Surgut Polimer joint-stock company and held conference with staffers of "Surgutneftegaz", another joint-stock company operating in the local oil and gas industry.

At the meeting, he pledged to consider whether it would be possible to reduce taxes and excise duties on oil produced at currently inefficient sites.

On Friday, the premier will attend a conference to be held by "Siberian Agreement", the local organisation pursuing economic goals. Conference participants will discuss problems of Siberia's fuel and power engineering complex and hear a report by Russian minister for fuel and power engineering Yuri Shafranik.

Chernomyrdin is scheduled to be back in Moscow on Friday night.

Deputy Premier Urges Farmers To Use Own Resources

LD2007164595 Moscow ITAR-TASS in English 1618 GMT 20 Jul 95

[By Aleksandr Russkiy]

[FBIS Transcribed Text] Tambov, July 20 (ITAR-TASS) — The State Duma and society on the whole do not understand that land should be viewed as the key source of our well-being, according to Russia's Deputy Prime Minister Aleksandr Zaveryukha. Addressing machine-operators in the Tambov region on Thursday, he said the interests of agrarians are upheld by a very small portion of deputies in the State Duma.

Zaveryukha's speech implied that the Russian government did not intend to keep loss-making farms going indefinitely by means of state subsidies. He called upon farmers to rely on their own resources. To improve the situation, the vice-premier cited a few possible measures, including to reduce the managerial staff on collective farms and in regional structures, as well as to cut the number of federal services in regions.

Romanov MVD Appointment, Barsukov Rumors Viewed

MM2107090195 Moscow IZVESTIYA in Russian 21 Jul 95 p 1

[Article by Ivan Zhagel and Teymuraz Mamaladze: "Concerning Romanov, Appointed; Barsukov, Expected; and Paramonova, Not Approved Again"]

[FBIS Translated Text] The "Chechen draft" continues to take up advanced positions. The president has issued an edict appointing 47-year-old Lieutenant General Anatoliy Aleksandrovich Romanov Russian Federation deputy minister of internal affairs and commander of the Russian Ministry of Internal Affairs Internal Troops. A career soldier who studied at the Saratov Military Command School, commanded a platoon, taught at the Higher Command School, and was a successful student at the General Staff Academy, he fought in Chechnya, commanded a sector, and, as deputy, supported the commander of the combined grouping of federal forces.

Judging by his comrades' reactions, he is "a father to the soldiers," among whom there are many troops of elite special units of the Internal Troops. He has been decorated.

Godspeed, Anatoliy Aleksandrovich. We hope you have occasion to demonstrate your outstanding shooting prowess only on the shooting range and we trust that your qualities as an excellent organizer and leader (that is how you are described in ITAR-TASS materials) will

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serve even more fully to establish law and order in the country.

What might we wish Colonel General Mikhail Ivanovich Barsukov, chief of the Russian Federation Main Protection Directorate, if the red-hot rumors about his appointment to the post of chief of the Federal Security Service were confirmed by the publication of the relevant presidential edict? The Kremlin is awash with rumors, but they are not confirmed by everyone in the Kremlin. Even Mikhail Ivanovich himself is mightily surprised by them, Presidential Press Secretary Sergey Medvedev said. The edict exists neither in the president's office nor in his press service, a colleague told an ITAR-TASS correspondent.

If it is "no" there is nothing to be done, just as there is nothing to be done if it is "yes."

Tatyana Vladimirovna Paramonova heard another "no." The Duma is adamant. But why? And what now?

Although the State Duma has twice now failed to approve Tatyana Paramonova as chairman of the Central Bank, in theory the president can nominate her for the post yet again. The thing is that between her first and second "nonapprovals" a new law was adopted "On the Russian Federation Central Bank," which enables the president to nominate the same candidate just twice. But you have to start counting again, as it were, from the moment the law was adopted.

The present situation enables the president to make some tactical moves. If he still wishes to see T. Paramonova heading the Central Bank, he will nominate her again, but in two weeks' time — the maximum period allowed by the law. The deputies will have gone on vacation and Tatyana Vladimirovna will be able to continue as acting chairman of the Central Bank for a long time yet. But if the president does not intend to delay the resolution of the matter or considers it pointless to do so, then we will learn the name of the new candidate next week.

At any rate, the president will have to take into account the fact that his candidate has again been "failed" not just by several lobbying groups, for instance, the agrarians. It is said by influential Duma members that T. Paramonova was simply unable to find a common language with powerful financial and banking groups, which are "strongly influencing deputies" on the threshold of the parliamentary elections. According to rumors from the president's entourage, a battle royal is now in progress over the new candidate for the chairmanship of the Central Bank.

'Russia Is Our Home' Structure Described

MM2107092895 Moscow IZVESTIYA in Russian 20 Jul 95 pp 1-2

[Article by Irina Savvateyeva: "'Our Home': A Look From Inside"]

[FBIS Translated Text] The as yet not officially announced election campaign has essentially already started. In this situation the state of affairs at the party headquarters is generating particular interest. Yet little is known about them. Today we shall try to describe how the "Russia Is Our Home" movement is seen by the home builders themselves from the organizational viewpoint.

In Movement's Headquarters

The central apparatus situated, naturally, in Moscow, is called the executive committee. Its nine members were elected by the movement's council — the legislative organ, in turn elected by the congress held in May this year.

The executive committee is situated on 350 square meters in the building of the Russian Federation Government Center for the Economic Situation (the former State Planning Committee's central statistical administration) on Sakharov Avenue (formerly Novokirovskiy Avenue). The area is subleased from a major financial structure free of charge.

Apart from the nine executive committee members this area also houses about 20 various specialists working in "Russia Is Our Home" on a hired basis. As a whole the structure of the home building headquarters looks as follows.

The regional service, obviously, works with the regions. It is headed by Vladimir Ryzhkov, a Duma member until recently a member of the progovernment "Russia" faction and before that a Russia's Choice member. In addition a dozen or so curators are directly responsible for liaising with the regions.

The information policy department includes three subdivisions: the information analysis, advertising, and press services. This entire agitation and propaganda department is led by Yuriy Sizov, former deputy general director of ITAR-TASS. And the press service is headed by Vladislav Fronin, former chief editor of KOMSOMOLSKAYA PRAVDA.

The information service is concerned with the development of the concept of advertising policy and with the image of the movement and its leaders. In addition sociological studies of the potential electorate are carried out. The all-Russian center for the study of public

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opinion and the "Public Opinion" foundation have been included in this work.

The "Russia Is Our Home" executive committee structure also includes the "Election Campaigns Technology" service whose name speaks for itself. Essentially it is the embryo of the future headquarters for the elections. Here it should be specified that the executive committee itself is as it were designed to engage in party life in general irrespective of the elections. But until a headquarters as such is created it is hard to determine where home building ends and where the preparation of the election campaign begins.

In general from the home builders' evasive replies you cannot help concluding that the question of creating an election headquarters and appointing its leader is a political question and quite a complicated one. It is obvious that the man who will head this headquarters will receive direct access to the premier. And that of itself in accordance with the best Russian traditions is an almost political act.

It may be supposed that in accordance with the same traditions the contenders for "personal access" will be actively recruited from the tested bureaucratic and nomenklatura environment. But the election campaign is something for whose skilled preparation it is not enough to have good apparatus skills and many years' experience of party and economic work. Too much could be lost if they operate according to the good old rules of the nomenklatura games. Yet there already exist in nature normal and absolutely effective professionals who have organized many election campaigns although they are utterly removed from apparatus intrigues. Any selection in this situation will be highly symptomatic and perhaps decisive.

If we return to the structure of "Russia Is Our Home" then we can also mention the so-called "People's Home." Essentially this is the beginning of a public reception office, so far embodied in just one staffer. An organizational and technical section operates, as is should in any respectable organization.

The so-called organizational backup department is a special case. In practice it engages in all financial issues. The department is led by Valeriy Grebennikov, who left the post of vice president of the "Olbi" concern in connection with his involvement in home building. Before that Mr. Grebennikov was Russia's chief state arbitrator (he headed the arbitration court).

Actually, there is one more informal "department" called "Aleksey Golovkov." Strictly speaking A. Golovkov, a Duma deputy and member of the "Russia" faction, is not a member of the executive committee. He heads the so-called organizational and methodological commission in the movement's council. But many home builders note Golovkov's great contribution to home building. In the assessment of onlookers Aleksey Golovkov's group has in reality assumed "the brunt of organizational work" (in the opinion of the newspaper KOMMERSANT).

And finally the executive committee is headed by Leonard Vid, a former first deputy chairman of the State Planning Committee and former chief of the Russian Federation Government Center for the Economic Situation.

To the question of whether the government apparatus is not just one more subdivision of the executive committee the home builders shrug:

"The apparatus' support was very trivial: at the level of providing information material and that only initially."

Behind the walls of "Russia Is Our Home" there are rumors that relations between Vladimir Babichev, the leader of the government apparatus, and the executive committee apparatchiks are rather tense. Either Vladimir Stepanovich does not want to "shine" in politics or he is simply jealous of the activity of rivals of a kind. Here it is worth mentioning that according to all the canons for holding election campaigns the organizers of recent elections if their candidates win usually receive very high-profile posts in the entourage of the victors. Thus the leader of the election headquarters in our case could have a full moral right to lay claim to the post of leader of the winner's apparatus.

Locally

Today, according to information from "Russia Is Our Home" its primary cells — the initiative groups — are operating in 80 regions of Russia. By 17 July constituent conferences had been held in 62 of them.

According to the assessments of Vladimir Ryzhkov, chairman of the executive committee for work with the territories, today 20-100 people are working locally in each of the 80 regions. And the constituent conferences gathered 150-300 representatives. Thus according to Ryzhkov's calculations 1,500-5,000 people have now been recruited to the process of work to create the movement. It is impossible to give any precise figure since there is no fixed membership of the movement — it is not a party.

"Russia Is Hour Home" is built on the federalism principle: Each regional organization has its own rules, its own current account, declares its own aims and tasks, and will nominate its own candidate deputies for the "Russia Is Our home" lists.

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Mr. Ryzhkov particularly asked me to stress that he does not agree with the definition of "Russia Is Our Home" as a nomenklatura movement. In his assessment the movement proportionally represents the following strata of society:

1) Representatives of local industrial circles. Mainly directors who have adapted successfully to the market.

2) Representatives of young commercial structures. Here Mr. Ryzhkov assures us that these are all "respectable banks and insurance companies." Odious structures like MMM and RDS were removed at the selection stage.

3) The budget-funded sphere in the shape of representatives of the intelligentsia — the leaders of subdivisions. They include chief doctors, higher educational establishment rectors, library directors....

4) Managers in the budget-funded sector.

Here, according to Ryzhkov's observations, the managerial stratum represents mainly not the oblast but the rayon level. The oblast level is represented by directors and the intelligentsia.

These people, in the executive committee deputy chairman's opinion, are uniting as a rule with two aims in mind: preventing new upheavals and having the opportunity to influence government policy.

As of today "Russia Is Our Home" has admitted six collective members: The Party of Russian Unity and Accord, the union of land owners of Russia (a satellite of the Association of Russian and Peasant (Private) Farms and Agricultural Cooperatives), the union of reserve officers, the association of Russian higher educational establishments, the engineering education association, and the association of Russian exporters.

In many regions the movement is cooperating actively with another movement — "Russia's Choice" — and sometimes with the "Russia's Democratic Choice" party. An almost curious incident: In Kamchatka the oblast Liberal Democratic Party of Russia organization has wholly joined the ranks of "Russia Is Our Home." In some regions the Communists are offering their cooperation. It is not ruled out that some agreements will be concluded in the very near future with Agrarian Party members.

In Vladimir Ryzhkov's opinion home building is making the most vigorous headway in those regions like Bashkiria, Tataria, Krasnoyarsk Kray, and Saratov and Sverdlovsk Oblasts. But a local cell has not yet been created in Moscow. There is no regional organization in Maritime Kray although the region's leader, Yevgeniy Nazdratenko, was elected a member of the movement's council at the congress. In general Ryzhkov believes that home building affairs in Maritime Kray are quite problematic as, indeed, they are in a number of other krays and oblasts.

But as a whole the deputy chairman of the "Russia Is Our Home" executive committee asserts that in terms of its organizational power, the presence of real structures, and its numerical strength "Russia Is Our Home" could join the three or four largest formations alongside the Communists and the Agrarian Party members.

Money

Valeriy Grebennikov, deputy chairman of the "Russia Is Our Home" executive committee, has announced that "dozens of large respectable enterprises and organizations in various sectors of the economy are prepared to render support to the movement." Talks with them have virtually been completed and in the very near future their names will be known, Grebennikov said.

But so far the sponsors of "Russia Is Our home" do not want to show themselves. Their position on this issue often looks like this: Let the leadership know that we are helping but nothing more....

Indeed, several names were heard in our talk but Mr. Grebennikov, mindful of his partners' interests, asked that they not be published for a while. I can only say that they are all well known very large financial structures. And in addition "The Kama Truck Plant and the Magnitogorsk metallurgical combine give us a little money."

The sponsors' excessive secrecy can probably be explained not least by the vagueness of the general political situation in the country. It is no secret that in today's confused situation wealthy people are inclined to support "our people and yours" in order not to lose out when power is finally shared out. But it is understandable that in this situation they are very reluctant for "our people" suddenly to learn by accident that their closest friend and comrade from a respectable bank is a no less warm friend and comrade for "your people" and also for "their people." So as far as possible the investors try to keep their contributions to politics from outside eyes and ears.

This is especially topical with regard to "Russia Is Our Home" when you cannot understand whom you are supporting in the person of Chernomyrdin: a henchman of the present president playing the part of his official heir or an adversary and rival of the present president? Yet as recent Russian history has repeatedly made clear there is a big difference.

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Commenting on the sponsors' behavior Mr. Grebennikov noted:

"Today people are not demanding any dividends. Today...."

The financing of the regions in the majority of cases will be carried out by them independently.

"People who head the movement as a rule can ensure themselves legal financing locally without appealing for support to the center," Grebennikov asserts.

But those regions which do not have this possibility are promised help by the executive committee.

Federation Council Aide on Security Policy

MM2007155195 Moscow PRAVDA in Russian 20 Jul 95 p 3

[Interview with Nikolay Ivanovich Ryzhak, consultant to the Federation Council Committee on Security and Defense Questions and former deputy chief of the KGB Main Military Counterintelligence Directorate, by unidentified PRAVDA correspondent; place and date not given: "Russia's Historic Mission of Keeping the Peace Throughout the Area of the Former USSR" — first paragraph is PRAVDA introduction]

[FBIS Translated Text] The name of the man whom PRAVDA's correspondent is interviewing today will not mean much to the public and readers in general, although he holds a fairly high post — consultant to the Federation Council Committee on Security and Defense Questions. Some of the milestones in his life tell us much more about him, testifying as they do to a profound concern for the fate of the Motherland. Nikolay Ivanovich Ryzhak — for he is our newspaper's guest today — was, until the well-known events of August 1991, deputy chief of the KGB Main Military Counterintelligence Directorate and a major general. He has on many occasions written articles in PRAVDA oriented toward the safeguarding of Russia's state interests, the preservation of the cadre potential of state security organs, and the organization of monitoring of their activity by the state and society as a most important condition of the prevention of violations of legislation and law and order in the country. In the interview with PRAVDA's correspondent that is published below, he reflects on these same problems in the present difficult time for the country.

[PRAVDA] One has the impression that since the moment it acquired so-called statehood Russia has simply not been able to clearly define the priorities in its interests both in domestic policy and at international level. And in the context of a deepening social and political crisis, domestic and foreign policy are diverging increasingly, resulting in absurd situations. Thus, at the 51st session of the UN Committee on Human Rights our delegation supported a resolution condemning the Russian authorities' actions in Chechnya.

[Ryzhak] The dramatic events in and around the Chechen Republic have exposed only to a certain degree the seriousness of the crisis in Russia and the situation that surrounds it. Nobody can yet conceive of its true parameters and the depth of its negative consequences for mankind as a whole, since, in my view, we are not only talking about Russia's tragedy, but unpredictable, multifaceted adverse developments on a worldwide scale.

Of course, it is practically impossible within the framework of a newspaper interview to cover in detail the full complexity of the situation that is taking shape, but nonetheless it seems possible to identify a number of the most pressing questions that require to be tackled immediately. **Among these I must single out the problem of Russia's national security, the main priorities of its state policy, and the network of threats in the light of the emerging geopolitical conditions.** Objectively speaking, one can now note the existence of a crisis in Russia's relations with the West, although at official level they prefer to keep quiet about this.

In four years of reforms we have yet to succeed in taking a worthy place in key international political, economic, and military institutions. Not only that, there is an active process under way of bringing the countries of Eastern and Central Europe, as well as the former USSR republics, into NATO's sphere of political and military influence, but without Russia. And this in spite of the fact that Russia, with its unique geopolitical and geostrategic position, is the most important factor for stability in the very heart of Europe.

First, the West is not in the least embarrassed by the fact that in a number of these countries — Estonia for instance — human rights are cynically violated, an openly discriminatory policy is exercised with regard to the so- called Russian-speaking population, and territorial claims on the Russian Federation are constantly voiced. One gets the impression that Russia is being deliberately and systematically squeezed out of any geostrategic access to Europe, including access to the seas. Moreover, the potential threats in the Far East and the Central Asian region have not been removed. A gradual weakening of Russia's position in the Transcaucasus can be observed.

Second, we cannot ignore the complex and largely unpredictable geopolitical situation on the territory of the

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CIS, a situation characterized by the process of formation of new national states with their own specific interests, priorities, and peculiarities of behavior in the international arena. This process reflects major geopolitical transformations accompanied by the growth of political and economic separatism and ethnic-territorial and religious conflicts.

In these circumstances Russia alone, deprived of real international support, will not be able to realize one single significant political initiative, even within the CIS framework.

Third, Russian society itself is, as we have said, experiencing a grave systemic crisis of such a profound and all-embracing nature as to make it virtually impossible to define its time limits.

In view of these and a number of other circumstances, the developing situation urgently dictates to our political leadership the need to raise the question of the expediency of formulating a dual-model concept of national security (long-term and for the so-called transitional period), but for some reason this has not been done for a long time, or if it is being done, it is only in office laboratories as yet.

[PRAVDA] A question in this connection. It has become known that at the end of July this year parliamentary hearings on national security problems will be held in the Federation Council. We would like some clarifications about this, and in particular an answer to the question of who is the initiator of this event.

[Ryzhak] Parliamentary hearings will be held on 26 July this year on the topic: "Russia's National Security Concept and Prospects for the Development of International Relations," on the initiative of the Federation Council Committee on Security and Defense Questions. It is to be hoped that this event will attract the attention of government circles, the body of deputies in both chambers of parliament, scientific institutions, and the public at large, and will serve the important cause of the defense of Russia's national interests. And we will try to ensure that along with the leaders of state power structures, representatives of various schools of political science and research institutes will also be taking part in the hearings on equal terms.

After all, it is no secret that many of them, for various reasons, do not have proper opportunities to express their opinion from the so-called parliamentary platform. Yet that is very important, since the majority of them are not only possessors of a high patriotic spirit, but are capable of expounding and putting into practice interesting and constructive ideas.

[PRAVDA] But questions arise: What are the special services of the Russian state, what is their place and role in the system of ensuring national security in difficult times for the country? Are they today capable of effectively tackling the tasks entrusted to them?

[Ryzhak] I must stress at once that the uncertainty and vagueness of the national security doctrine fully account for the present role and place of the special services, their structure, and the main avenues of their use. To some extent this approach was understandable in the initial stage of the power struggle (from the viewpoint of its initiators).

I would venture to claim that this did not serve Russia's state interests, since for various reasons the organs saw the departure not only of experienced cadres, but also of people with irreplaceable knowledge and experience in the sphere of the theory and practice of intelligence, detective, investigative, and analytical work.

Before our very eyes, the training system and the basic principles of activity have been destroyed and the thread of continuity of not only professional, but spiritual characteristics has been broken, and these, you will agree, are things that cannot be restored even in decades. While carrying out a whole string of reorganizations and dismembering a unified organism, the authorities at the same time failed to offer anything in terms of organizing efficient leadership and effective monitoring of the activity of the smaller, often competing, fragmented organizations. Thus an optimal system that had been built up over the years for the collection, processing, and analysis of information — a very important condition of the administrative decisionmaking process at state level — was seriously undermined. Yet the specific nature of the special services' activity requires constant, comprehensive monitoring of their work. Any deficiencies in this sphere contain a great potential threat both to society as a whole and to each citizen individually. Incidentally, I have discussed this more than once in the pages of a number of newspaper publications.

It must be noted, however, that this year a law was finally adopted regulating the procedure for the activity of the Federal Security Service, which makes provision, albeit only in general terms, for measures of parliamentary and other forms of monitoring. At the same time a number of power structures, such as the Main Protection Directorate and the Russian President's Security Service, function entirely without a properly formulated legislative base or any kind of parliamentary monitoring. So it is not at all surprising that we are seeing instances of clashes between representatives of different power departments, even on the streets of Moscow.

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The shortcomings relating to collaboration among them were revealed particularly clearly in the course of the deterioration in the situation in the Caucasus, and I am not only talking about Chechnya.

[PRAVDA] In your work for the Federation Council Committee on Security and Defense Questions I believe you are concerned with security problems. Could you tell us how questions of the monitoring of the special services' activity are handled in other countries?

[Ryzhak] Our reformers, striving to imitate the outwardly fashionable democratic forms of organization of legislative power in the West, tried to ignore the inner mechanism by which they function. I saw this for myself yet again during a trip to the United States in June of this year with a delegation from the apparatus of both chambers of the Federal Assembly. We saw how the principles and details of the organization and functioning of the U.S. Congress committees on intelligence are honed as effectively as possible.

These committees, formed in both chambers of Congress, cooperate, but work independently of each other, dealing with tasks of parliamentary monitoring of the individual types of administrative, legal, economic, political, and public activity in the country that are most important in a given period.

Their main functions are:

— monitoring and limitation of the methods of operational- investigative work by the special services in various spheres and evaluation of the work of organs of executive power in overseeing the special services. The continuity of this activity is ensured by means of the committees' regular receipt of detailed reports from the special services, up to and including identification of the officials responsible for making the decisions to carry out the most urgent measures;

— monitoring of information and analysis work. This is based on the evaluation of materials prepared by the special services for organs of federal power;

— monitoring of the expenditure of resources by the intelligence services. This is based on analysis of reasoned drafts submitted by them of their annual budgets and reports, and also materials from periodical audits of their activity carried out by the committees' apparatus.

Apart from the regularly submitted materials listed, the committee is entitled to request any information it needs and to study the activity of central and territorial subunits of the American special services on the spot.

Furthermore it is the Congress that approves the candidate proposed for the post of general inspector of the activity of all the U.S. special services. This in turn is a very powerful counterweight in the shape of a separate, independent organization numbering more than 150 people.

Apart from parliamentary monitoring, there is also monitoring by the leadership of the State Department and White House apparatus.

All this indicates that the role of the legislative power in the sphere of monitoring the activity of the U.S. special services is highly significant. This is due first and foremost to the fact that the executive can only put forward political principles, while the rights and norms governing the activity of the special services and law enforcement organs are formulated by Congress. And the special services are virtually unable to get around these norms or interpret their rights too liberally, because of the constant monitoring of their activity by the corresponding committees of Congress and the public, which is constantly being tightened up by the adoption of new laws (for instance, the CIA is legally obliged to inform the public of the commencement and completion of operations that have a certain significance for the state's security). As a result the special services themselves have an interest in greater openness to the corresponding congressional committees and in constant contacts with them, in order to get the normative basis for their activity amended and the necessary financial resources assigned in good time, depending on the realities of life. At the same time, if necessary the U.S. special services are capable of acting toughly and energetically, counting on the support of Congress.

Of course, this topic, which is useful for our own legislative organs' activity, is not thereby exhausted, and could be continued, if we had time, on some other occasion.

[PRAVDA] In the light of your views on the national security concept, what can you tell us about the U.S. position in this sphere?

[Ryzhak] What can one say? The fact is that after the breakup of the USSR the United States deemed it necessary to formulate a theoretical basis to justify U.S. interventionism in the new conditions, and consequently they formulated "new U.S. missions in the world"; among those that became particularly prominent were the tasks of preserving international stability based on the "free market" economy, and leadership of the "worldwide movement for democracy." However, presumably the U.S. government will, as always, apply these principles selectively, especially since these two tasks are hardly compatible and will require direct participation by the Americans in regional military conflicts, and to an even greater degree than in the times of the "Cold War."

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And although not all leading politicians in the United States share these claims to world leadership, such ideas have become frankly dominant in the state policy of this leading capitalist power. An important feature of the new version of the "U.S. National Security Strategy" is the existence of a lengthy subsection on "The Development of Intelligence Potential," in which the duties of the intelligence community in ensuring U.S. security are significantly widened. It is charged with the duties of monitoring threats of a military and technical nature, influencing the organizational development of the U.S. Armed Forces, and also resolving combat support tasks. It must play a key role in resolving interregional conflicts and combating the spread of weapons of mass destruction, and also in counterintelligence activity. In addition, it is to monitor the influence of political, ecological, social, and military factors in those regions of the world where U.S. interests are seriously affected and where the collection of open-source information is not enough.

Finally, the intelligence service must actively promote efforts in the sphere of environmental conservation and humanitarian aid, including in cases of natural disasters and catastrophes, and in this context great significance is attached to technical means of monitoring and space observation devices. Here one cannot but recall the fate of Russia's ruined national security system — that most important state institution.

It must be said that at present the Russian leadership is demonstrating its own commitment to these ideas, which, in my view, should be implemented not too obviously and unconditionally.

Our meetings and talks with representatives of U.S. political circles allow us to suggest that they do not all support the course of a number of Western politicians toward isolating Russia, and would like to see it join the ranks of civilized states.

It is this fact, I believe, that dictated the American side's desire to maintain broad contacts with representatives of various strata of our society, including leaders of opposition state-patriotic forces. In particular, in the course of our visit the Americans inquired with interest about the activities of politicians like P. Romanov, G. Zyuganov, and Ye. Stroyev, highlighting them against the general background. They took a lively interest in prospects for the ratification of the START II Treaty.

Representatives of the special services stated their readiness to widen the framework of business cooperation, especially in the sphere of combating organized crime, international terrorism, and the drugs business.

[PRAVDA] Allow me to come back to the question of the parliamentary hearings. How might they end, and what real benefit could they bring society?

[Ryzhak] It is hard as yet to predict the final results of what is planned, but it would be very nice to attract to this undoubtedly important event the attention of the president, the government, deputies at all levels, leaders of interested departments, scientists, members of the CIS Interparliamentary Assembly, and broad strata of the population in general.

In this connection an appropriate message will obviously be adopted on the basis of the results of the hearings. It must be realized that the idea of joint survival and collective security must remain dominant in the minds of every one of us. But it is Russia that is charged with the historic mission of keeping the peace throughout the area of the former USSR. And everything must be done to preserve its integrity as the main backbone for the formation of a future great state. I would like to hope that that is the view of the majority of our citizens, who only recently used to take pride in calling themselves "the Soviet people."

Media Issues

Independent TV Said Being Taken Over by U.S.

MK2107065495 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 20 Jul 95 p 8

[Unattributed report: "Regional TV: Takeover, the American Way"]

[FBIS Translated Text] The constant wailing of the national patriots and some of the communists that America is buying up Russia on the cheap appear to be not without foundation, at least if you look at it from the point of view of the development of television in the boundless expanses of our Motherland. In times not long past, such American insolence would have been immediately seen as CIA intrigues with all the consequences that entails. Today, one small American mediating firm, "Prolink International, Inc.," has a direct influence on 47 independent television stations with an audience of 60 million inhabitants of the CIS (30 million of which are in Russia). Behind "Prolink" is the Internews International organization, which bills itself as noncommercial and is closely linked to the U.S. Information Agency (USIA) and backed by an American fund to support independent television broadcasting in Russia.

Having aired on regional television stations a package of several dozen (naturally U.S.) films, which probably came into its possession free of charge (thanks to

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the above fund to support independent television broadcasting in Russia), "Prolink" went further. At present, another package is being televised, this time consisting of 40 films — at prime time, of course, so far only on Thursdays. Next in line are new serials, a package of cartoons, and so on and so forth. In addition, "Prolink" has been given exclusive advertising rights.

"Prolink's" plans already include uniting independent TV stations into various systems to reduce organizational and financial difficulties.... It is actively cooperating with the Independent Broadcasting System (IBS), the largest association of private television stations in Russia's regions.

Formally the IBS is a noncommercial association uniting over 70 regional private television stations, with six television companies — in Novosibirsk, T nsk, Krasnoyarsk, Yekaterinburg, Samara, and Petrozavodsk — having the status of founders, while the rest are association members.

The setting up of the IBS and its functioning was initiated and is proceeding under the careful eye of the aforementioned U.S. noncommercial "Internews" organization.

The IBS administration is currently housed in premises rented by "Internews" in the Central Journalists' Building, with the greater part of its technical operating expenses being paid by the U.S. side. The executive personnel of "Internews" take a direct part in the meetings of the IBS founders and keep daily tabs on the work of the IBS directorate.

The expansion of U.S. television go-betweens into Russian regional independent television is actively supported by structures indirectly linked with the U.S. Government. This, perhaps, cannot be described as other than shameful for Russia and the other CIS countries. What it may lead to is perhaps not hard to guess: He who pays the piper calls the tune.

Will it be an American tune?

Military, Nuclear & Space Issues

Capabilities of New 'Superfighter' Detailed

LD2007202995 Moscow INTERFAX in English 1857 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (INTERFAX) — The Sukhoy Design Bureau will exhibit its latest product, the superfighter Su-35, at the MAKS-95 Moscow air show in August, the bureau's designer-general, Mikhail Simonov, told a solemn meeting on the occasion of the 100th anniversary of Pavel Sukhoy's birthday.

Simonov told INTERFAX that Su-35 was a dramatically modified version of the well-known Su-27 jet. However, the new aircraft differed from the original by its exceptional maneuverability, adjustable thrust vector, new armament system to simultaneously destroy six ground and naval targets and artificial-intelligence computer.

"In the West such fighters do not yet exist," Simonov said. The only exception is the U.S.-made X-31, but no other analogues will appear within the next five years, he added.

If sufficient funds are set aside by the state, Russia's superfighter Su-27 and versions of it will occupy the first position on the world's arms market in the third millennium, western experts say.

At present, Russia's air forces have over 250 Su-27 fighters.

Sea Trials of Vepr Nuclear Submarine Under Way

MM2007115395 Moscow KRASNAYA ZVEZDA in Russian 20 Jul 95 p 1

[Report by Sergey Vasilyev: "Vepr Takes to the Depths"]

[FBIS Translated Text] Severodvinsk — Sea trials of the Vepr nuclear submarine, launched late last year by the "Northern Machine Building Enterprise" Production Association, have begun.

The work on the submarine involved considerable difficulties: Some of the equipment was received and installed when the Vepr was already afloat. But the handover team and crew were able to prepare the submarine for sea, thus considerably increasing the chances of its being handed over to the Navy this year.

ITAR-TASS Reports Further on Mir Space Mission

Cosmonauts Begin To Install Equipment

LD2107052695 Moscow ITAR-TASS in English 0419 GMT 21 Jul 95

[By Anna Bakina and Viktor Gritsenko]

[FBIS Transcribed Text] Moscow, July 21 (ITAR-TASS) — Mir cosmonauts Anatoliy Solovyev and Nikolay Budarin opened the egress hatch of the orbital station at 04.30 Moscow time (at midnight GMT) on Friday and went out into the open space. Extravehicular activities (EVA) are to last slightly more than five hours and are to end at 09.34 (05.34 GMT).

The cosmonauts are busy installing the Russo-Belgian spectrometer MIRAS. Besides, Solovev and Budarin are to drag in the EVA umbilical cord back to the station.

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They had left the cord outside the station during their previous spacewalk.

Extravehicular Activities Successful

LD2107074695 Moscow ITAR-TASS in English 0730 GMT 21 Jul 95

[By Anna Bakina]

[FBIS Transcribed Text] Moscow, July 21 (ITAR-TASS) — Russian cosmonauts Anatoliy Solovyev and Nikolay Budarin finished extravehicular activities and returned into the Mir space station at 9:34 a.m. today, ITAR-TASS was told in the Mission Control Centre.

The cosmonauts have installed a spectrometre of Russian-Belgian manufacture on a Spektr module, which was the main task of five hour four minute long extravehicular activities.

Federal Assembly

Commission Blames Yeltsin for Chechnya 'Crisis'

LD2107070795 Moscow ITAR-TASS World Service in Russian 0631 GMT 21 Jul 95

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] Moscow, 21 Jul (ITAR-TASS) — The Russian president bears the main responsibility for the crisis which has developed in Chechnya. That is the conclusion drawn by the State Duma special commission headed by Stanislav Govorukhin. This is stated in a document prepared by the commission on the results of investigations carried out. The text of the document was released today to deputies of the parliamentary lower chamber.

The conclusions and suggestions made by the parliamentary commission examining the causes and circumstances leading to the development of the Chechen crisis are expected to be considered at today's plenary sitting of the State Duma. This issue is included on the preliminary agenda for the final day's work by the third session of the chamber.

It is still not known whether or not the recommendations of Govorukhin's team will be adopted. One of these, perhaps the most important, envisages the creation "of a special State Duma commission to evaluate the observance of procedural rules, and whether there is a factual basis for bringing charges against the Russian Federation president leading to his dismissal."

Members Differ on Cause of 'Crisis'

LD2107104295 Moscow INTERFAX in English 0955 GMT 21 Jul 95

[FBIS Transcribed Text] Moscow, July 21 (INTERFAX) — The chairman of the State Duma's ad hoc commission on the Chechen crisis Stanislav Govorukhin suggests a constitutional amendment that will allow the Chechen Republic to break away from the Russian Federation.

Govorukhin made that suggestion in an appendix to an official 47-page report on what his commission had done in the six months of its existence.

In Govorukhin's view, sovereign Chechnya will not survive without Russian aid but "it will be only too welcome to release its grip on the federal budget. The Russians will find life better if it does. And, I assume that Russia is entitled to gain independence of the Chechen criminal groupings which have come to intimidate nearly every Russian city," Govorukhin said.

Govorukhin also suggests the inccorporation of Chechnya's Naurskiy, Nadterechnyy and Shelkovskiy Districts into Russia's Stavropol Territory.

Members of the Govorukhin commission Viktor Sheynis (Yabloko faction), Boris Zolotukhin (Russia's Choice faction) and Yuriy Voyevoda (Stability group) oppose both Govorukhin's position and conclusions of the official report, Sheynis told the Duma Friday.

Also on Friday Sheynis distributed an alternative 76-page report on the commission's performance which, he said, focuses on "one, but the most important aspect of the Chechen crisis — political relations between the federal authorities and the self-proclaimed Chechen republic."

Duma Recommends Yeltsin Keep Heads of Media Groups

LD2107093495 Moscow ITAR-TASS in English 0925 GMT 21 Jul 95

[By Ivan Novikov]

[FBIS Transcribed Text] Moscow July 21 (ITAR-TASS) — The Russian State Duma passed a resolution Friday recommending the President and the government to refrain from changing media heads until elections to the lower house are held on December 17.

The reolution which got 242 votes in suppport does not say which mass media heads it concerns.

However, Mikhail Poltoranin, chairman of the State Duma committee for information policy, told TASS

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the talk was about state-run Russian TV, ITAR-TASS and RIA news agencies, as well as the government ROSSIYSKAYA GAZETA newspaper.

Duma Urges France Not To Proceed With Nuclear Tests

LD2007135895 Moscow Russian Television Network in Russian 1300 GMT 20 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] The Russian State Duma has called on French President Jacques Chirac and the French parliament not to go ahead with nuclear tests and to join efforts to preserve a nuclear-free world, a statement adopted by the Russian parliament today says. The appeal was supported by 227 deputies; no one voted against it.

Solution to Bank Head Issue Unlikely by Session End

LD2007201795 Moscow INTERFAX in English 1821 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (INTERFAX) — Even if the Russian president presents another candidate for head of the Central Bank of Russia (CBR), the State Duma, the Russian parliament's lower house, will not be able to consider the issue for technical reasons. The chairman of the parliamentary committee for budget, taxes, banks and finances, Mikhail Zadornov, told INTERFAX this Thursday.

According to the house regulations, the issue cannot be considered without a conclusion of the profile committee, Zadornov recalled. In turn, the budget committee will not be able to determine their attitude to the candidate without discussing him or her beforehand in the factions.

The house will hold the last sitting of its third session Friday. The first sitting of the fourth session will open on October 4, 1995.

On Wednesday, July 19, the State Duma disapproved of the presidential-proposed candidacy of Tatyana Paramonova for head of the Central Bank of Russia. According to the law, the president is to name a new candidate for the office or repeat the presentation of Paramonova within two weeks.

Rehabilitation Center for Chechen Veterans Approved

LD2007164695 Moscow INTERFAX in English 1530 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (INTERFAX) — The State Duma, the lower house of the Russian parliament, unanimously adopted a resolution today recommending that the Russian government discuss in a 30-day term the issue of creating a rehabilitation system for servicemen who fought in Chechnya and their families.

The resolution was initiated by the Women of Russia faction.

The resolution provides for a number of measures on medical and psychological rehabilitation of the servicemen who fought in Chechnya before the end of this year and for creating a special federal rehabilitation center for these persons based at a health resort in 1996.

The rehabilitation center is expected to be financed from the federal budget.

Duma Approves Special Economic Zone in Kaliningrad

LD2007164495 Moscow INTERFAX in English 1530 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (INTERFAX) — The State Duma, the lower house of the Russian parliament, passed a law on a special economic zone in the Kaliningrad region in the first reading Thursday. The document envisions a number of investment and business privileges.

The special economic zone will be created in order to promote the socioeconomic development of the Kaliningrad region, particularly by simplifying and facilitating the attraction of domestic and foreign investors, business activities, introduction of up-to-date management practices and high-technology production of manufactured goods.

The administration of the zone and the Kaliningrad Region Duma will give permission to open offices and branches of domestic and foreign legal entities.

The law envisions tax privileges for investors for five years from registration. In particular, the investors will be made exempt from the tax on profits reinvested in the special economic zone and enjoy a 50% reduction in value-added tax on the turnover of locally produced goods.

Federation Council Overrules Yeltsin Welfare Veto

LD2107105295 Moscow Mayak Radio Network in Russian 1000 GMT 21 Jul 95

[FBIS Translated Text] Today the Federation Council deputies overruled the presidential veto on the law on welfare provisions for the elderly and disabled. The State Duma and the Federation Council alike disagree

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with the remarks made by the president, since they are devoid of sound argument.

The Federation Council's Social Policy Committee is of the view that for the first time we have a law which defines welfare provisions for the elderly and disabled on a federal level.

Federation Council Receives Bill on Referendums

LD2007150795 Moscow ITAR-TASS World Service in Russian 0835 GMT 20 Jul 95

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[FBIS Translated Text] Moscow, 20 Jul (ITAR-TASS) — The Federation Council today received for consideration the draft federal constitutional law on referendums in the Russian Federation and decided that by the next session of the council in early October deputies should send their comments on the draft to the Committee for Constitutional Legislation under the Federation Council. The council could not put the draft on the agenda for a vote today because there was not the quorum of three fourths required for passing a constitutional law.

The Committee for Constitutional Legislation has positively assessed the document, stressing that its development is envisaged by the Constitution. The fundamental law of the Russian Federation determines that the referendum, along with free elections, is "the highest direct manifestation of people's power." Provided the law is passed, it will bridge the gap in the legislation concerning forms of participation of citizens in exercising their power and participation in state affairs.

The law contains principles for the holding of referendums and gives a detailed list of issues that may be put to a referendum as well as of those which cannot be put to a referendum. In particular, the law envisages that a referendum cannot be held under a military or emergency situation introduced on the whole territory of the Federation.

Legislative, Regulatory Documents 9-15 Jul

95P50147

[FBIS Media Note] The following is a listing of Russian legislation recently published in the press of the Russian Federation compiled by FBIS. Numbers within parentheses indicate approximate wordage. Entries followed by the notation "Text" have been translated into English and are available in FBIS publications.

SECTION I: ECONOMIC LEGISLATION (EXPORT-IMPORT, BANKING, PRIVATIZATION, AUCTIONS, REGIONAL DEVELOPMENT)

RF Government 26 June Decree No. 593 Approving Appended (But Not Published) Statute On Working Center For Economic Reforms Under RF Government, Plus Unattributed Commentary. (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 5) (700)

RF Government 26 June Decree No. 613 Approving Appended List Of Members Of Government Commission For Customs And Tariff Questions. (Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 95 p 6) (500)

RF Government 26 June Directive No. 862-r Accepting Goskomimushchestvo Proposal To Set Up Joint-Stock Company To Complete Construction Of Berkakit-Tommot-Yakutsk Railway Line. (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 5) (300)

RF Government 26 June Directive No. 924-r Accepting Atomic Energy Ministry's Proposal For Financing International Thermonuclear Experimental Reactor. (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 5) (200) (Text)

RF Government 29 June Decree No. 631 Amending Statute Of Government's Finance Academy. (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 4) (200)

RF Government 29 June Decree No. 633 Approving Appended Provisional Statute On Leasing (Published Separately In 'Departmental Supplement' Section.) (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 4) (1800)

RF Government 29 June Decree No. 641 'On Immediate Measures To Boost The Revenue Section Of The Federal Budget And Improve The Activity Of Tax Organs' Plus Linkov Commentary. (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 5) (900)

RF Government 29 June Decree No. 642 On Development Of Belgorod Oblast's Mining And Metallurgy Complex. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 4) (400)

RF Government 29 June Decree No. 644 On Procedure For Transmission Of Funds Earned Through Privatization And Intended For Production Modernization At Other Moscow Enterprises. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 4) (300)

Chernomyrdin 29 June Directive No. 645 On Questions Of RF State Tax Service. (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 6) (650)

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RF Government 29 June Decree No. 654 On Signing Of Agreement On 2nd Rehabilitation Loan Between Russia And IBRD. (Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 95 p 6) (400) (Text)

Chernomyrdin 29 June Directive No. 892 On Using RF Government-Backed Foreign Loan To Invest In Modernizing Titanium Production. (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 6) (750)

RF Government 29 June Directive No. 907-r Accepting Goskomimushchestvo Proposal On Retention Of Shares In Gas Industry Enterprises In State Ownership For Three Years. (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 5) (150)

RF Government 29 June Directive No. 911-r Accepting Goskomimushchestvo Proposal To Close Down Moscow's 'Neftegazstroykomplekt' Enterprise. (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 5) (50)

RF Government 1 July Decree No. 659 Imposing 10-Percent VAT On Certain Foodstuffs, List Of These FoodStuffs, And 'Commentary' By Smolyakova Incorporating Interview With Finance Ministry Aide Kamova. (Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 95 p 4) (700)

RF Government 1 July Decree No. 660 Approving Appended Procedure For Profits Tax Payments To Federal And Local Budgets (Published Separately In 'Departmental Supplement' Section.) (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 4) (250)

RF Government 1 July Decree No. 663 On Excise Duty On Moskvich Cars. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 5) (100)

RF Government 1 July Decree No. 667 On State Support For Modernization Of Metallurgy Production At 'Pechenganikel' Joint-Stock Company. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 4) (500)

Chernomyrdin 1 July Decree No. 670 On Priority Measures To Fulfill Federal Law 'On Ratification Of Basel Convention On Controls On Cross-Border Transportation Of Dangerous Waste And Its Removal.' (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 6) (1300)

Yeltsin 3 July Edict No. 662 On Measures To Form An All-Russia Telecommunications System And To Guarantee The Rights Of Owners Of Shares And Stocks, Followed By List Of Enterprises And Organizations Participating In The 'Information Technologies' Financial-Industrial Group And List Of Members Of Organizing Committee Of 'Russian Financial And Communications' Fund, (Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 95 p 4) (4000)

Yeltsin 8 July Edict No. 685 Amending And Recognizing As Lapsed Earlier Acts On State Regulation Of Tariffs. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 4) (300)

RF Government 10 July Decree No. 698 Adding S.M. Bekov, Deputy Chairman Of State Customs Committee, To Commission For Restoration Of Chechnya's Economy And Social Sphere. (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 4) (100)

SECTION II: POLITICAL (INTERNATIONAL AND CIS AFFAIRS, ELECTIONS, CRIME, POLLUTION)

Federal Law No. 74-fz of 16 May On Preservation Of Status Of State And Municipal Education Establishments And Imposing Moratorium On Their Privatization. (Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 95 p 4) (450)

RF Government 26 June Decree No. 598 Approving Appended (But Not Published) List Of Members Of RF Commission For UNESCO. (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 5) (150)

RF Government 26 June Decree No. 614 Approving Appended (But Not Published) List Of Members Of RF Government Commission For Question Of International Humanitarian And Technical Assistance. (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 5) (100)

RF Government 26 June Decree No. 616 Approving Agreements With CIS Countries Signed In 1994 In Moscow. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 5) (200) (Text)

RF Government 26 June Directive No. 854-r On Submission Of Law Amending RSFSR Administrative Crimes Code, Criminal Code, And Criminal Procedures Code To State Duma, Appointing Deputy Finance Minister Shatalov As Government Spokesman For Duma Hearings. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 5) (150)

RF Government 28 June Decree No. 662 On Implementation Of Russia-Cuba Agreement On Commodity Turnover And Payments In 1995. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 5) (600) (Text)

Chernomyrdin 29 June Directive No. 903 On Making Provision In Federal Budget For Maintaining UN-

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ESCO Office In Moscow. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 6) (50)

Chernomyrdin 29 June Directive No. 904 Authorizing Science Ministry To Channel R5 Billion Into Continuing Construction Of State Public Scientific And Technical Library. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 6) (50)

RF Government 1 July Directive No. 925-r Accepting Proposal By Defense Ministry Et Al On Development Of 'Rokot' Rocket System Using RS-18 ICBM's, Plus Unattributed Commentary. (Moscow ROSSIYSKAYA GAZETA in Russian 14 Jul 95 p 4) (800) (Text)

Yeltsin 2 July Edict No. 661 Reforming Presidential Administrations Protocol Service, Followed By Linkov Commentary. (Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 95 p 5) (800)

Yeltsin 5 July Edict No. 668 Approving Appended Statute On President's Plenipotentiary Representative At Constitutional Court. (Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 95 p 6) (1500)

Yeltsin 6 July Edict No. 672 On Composition Of Security Council's Interdepartmental Commission For Ecological Security. (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 5) (600)

Yeltsin 6 July Edict No. 673 'On Elaboration Of Concept Of Legal Reform In The Russian Federation.' (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 4) (900)

Yeltsin 7 July Edict No. 684 On Changes To Security Council Membership. (Moscow ROSSIYSKAYA GAZETA in Russian 11 Jul 95 p 1) (150) (Text)

Yeltsin 8 July Edict No. 686 Abolishing President's Council For Social Policy. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 4) (200)

Constitutional Court Ruling No. 9-ii Of 10 July On Constitutionality Of Chuvash Republic's Law On Election Of State Council Deputies. (Moscow ROSSIYSKAYA GAZETA in Russian 13 Jul 95 p 4) (3000)

'Additions And Amendments' To List Of Ministries And Other Federal Organs, Deleting FSK From List Of Ministries And Including It Under 'Other Federal Organs Of Executive Power' Heading. (Moscow ROSSIYSKAYA GAZETA in Russian 12 Jul 95 p 4) (150)

Regional Affairs

Further Reportage, Commentary on Chechen Talks

Zakayev To Implement Accords

LD2007133295 Moscow INTERFAX in English 1213 GMT 20 Jul 95

[FBIS Transcribed Text] GROZNYY, July 20 (INTERFAX) — At the talks in Groznyy the Russian delegation promised the Chechen side it will start implementing the package of military agreements from July 21, a member of the Chechen delegation, Akhmed Zakayev, reported to journalists at the OSCE mission. The package was agreed to during the first round of negotiations.

In his words, one can start peaceful resolution of the situation in Chechnya "only after fulfillment of the package of military issues on all items." Zakayev underlined that the Chechen party insists on implementing this package as soon as possible "in order to halt shooting and to prevent unnecessary victims at least for the time of the talks."

Zakayev pointed out that all detachments of the Chechen fighters "are under control of the chief of the main headquarters Aslan Maskhadov."

Asked by journalists who fires on the positions of the federal forces, in particular, last night in Groznyy, Zakayev answered, "One should ask the local City Hall." Dzhokhar Dudayev's adversary Beslan Gantemirov heads City Hall.

Commenting on the proposal of the Russian delegation to preserve the territorial integrity of the Russian Federation while granting a special status to Chechnya, Zakayev expressed the opinion that this is "an attempt to combine the uncombinable."

"Wishes are one thing and reality is another. One must make a real assessment of the situation," he underlined.

Chechens Say Moscow 'Backpedalled'

LD2007190195 Moscow INTERFAX in English 1821 GMT 20 Jul 95

[FBIS Transcribed Text] GROZNYY, July 20 (INTERFAX) — A member of the Chechen delegation at the talks in Groznyy has accused the Russian delegation of abandoning the previously-agreed position on the status of Chechnya. "The Russian side backpedalled after the break in the talks and after consultations in Moscow," Akhyad Idigov told INTERFAX Thursday evening.

According to Idigov, during the previous round of the talks the two sides agreed that since autumn 1991 "there has been a republic with its own president, parliament

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and Constitution in Chechnya." After the return from Moscow the Russian side has tried to present the situation as if only the delegation of Dudayev's supporters had spoken about the existence of the Chechen Republic (Ichkeria), said Idigov.

He refused to say whether it meant that the two sides would start discussing the status of Chechnya from scrap Friday.

"The recognition of the status of Chechen Republic (Ichkeria) is important for the Chechen side as a guarantee against a repetition of genocide against its population," said Idigov.

He also said that the special status proposed for Chechnya by the Russian delegation is "a very ambiguous term."

"The Russian delegation cannot propose anything new on the issue except for the division of powers," he said.

Commenting on the statement by Russian delegation head Vyacheslav Mikhailov that the two sides agreed on a four-line version Thursday, Idigov said "I do not know what kind of version it is."

Four Lines Require Agreement

LD2107075295 Moscow ITAR-TASS in English 0733 GMT 21 Jul 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNYY, July 21 (ITAR-TASS) — The peace talks in Groznyy on Friday deal with the principal item on the agenda — the state-and-legal status of the Chechen Republic.

On Thursday the sides failed to sign a Final Document. Only four lines in the Document's concluding section concerning Chechnya's status is yet to be fixed, Russian Chief Negotiator Vyacheslav Mikhaylov has told journalists.

The four lines read as follows: "The peculiarities of the state- and-legal status of the Chechen Republic are determined by the Constitution of the Russian Federation and by a Constitution of the Chechen Republic, adopted through a free expression of the people's will in keeping with the peoples' right to self-determination in the universally recognised meaning under international law". Mikhailov described these lines as a "stumbling block" at the talks.

A source close to the Russian delegation told ITAR-TASS on Friday that the sides decided against wasting efforts and time to look for a common denominator of quite different positions but include each of them in the Final Document.

The supporters of Dzhokhar Dudayev deem it necessary to state that they created a sovereign state with its own structure of power bodies and its own armed forces, the state which is not part of Russia.

The Russian delegation insists on a recognition of the fact that the emergence of a Chechen Republic of Ichkeria was the outcome of an anti-constitutional coup and that all its power bodies were illegal.

The Committee of National Accord and the Government of National Rebirth would like to be deemed legitimate and created in the interests of settling the crisis in Chechnya.

Whether the negotiators will succeed in finding the key to a solution to the Chechen problem will become clear soon.

Imayev Rejoins Talks After Illness

LD2107084395 Moscow ITAR-TASS in English 0800 GMT 21 Jul 95

[By Sharip Asuyev and Alexander Kharchenko]

[FBIS Transcribed Excerpt] GROZNYY July 21 (ITAR-TASS) — Chechen chief negotiator at peace talks with Russia Usman Imayev joined the negotiations Friday after an illness as talks resumed with a one hour delay because the Chechen delegation managed to arrive to the OSCE [Organization for Security and Cooperation in Europe] mission in Groznyy only by 11.00 hours Moscow time (07.00 GMT). [passage omitted]

Both Sides Seen To Take Harder Line

MK2107073895 Moscow SEGODNYA in Russian 21 Jul 95 p 1

[By Mariya Eysmont: "Talks in Groznyy Revert to What They Started From"]

[FBIS Translated Excerpt] [passage omitted] The somewhat toughened stance of the Chechen delegation, which not long ago seemed to have agreed with the document offered by the Russian side, must result from the absence at the talks of the head of the Dudayev delegation, Usman Imayev, who has still not recovered from last Saturday. Mr. Imayev's prolonged "ailment" is already generating many false rumors. The former prosecutor general of the Republic of Ichkeria is generally known to be the most amenable of all the members of the Dudayev delegation. The sides are unlikely to achieve reciprocal concessions in his absence. Rumors already circulating in the corridors have it that the Chechen side intends to bar Imayev from the talks. Moreover, Khozakhmed Yarikhanov, who stepped in for Mr. Imayev,

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is known as a fervent supporter of Chechnya independence.

All signs are that it is not only the Chechen side that has toughened its stance. The new proposals brought back by the Russian delegation were characterized by Mr. Zakayev [member of the Dudayev delegation] as "going back to square one." Against the backdrop of both sides' toughening stances, Mr. [Mikhail] Krasnov's [President Yeltsin's legal aide] words to the effect that the talks are expected to wind up "in a time, in terms of a few days" have a rather strange ring to them. Even stranger are the words of Minister on Nationalities Affairs Vyacheslav Mikhaylov: "The four lines on the status of Chechnya agreed by the sides can be signed by today." This statement came as a revelation to Akhmed Zakayev, representative of the Dudayev delegation.

Caucasus MP Sends Appeal to Shumeyko

LD2007170095 Moscow Mayak Radio Network in Russian 1430 GMT 20 Jul 95

[FBIS Translated Text] After a three-day adjournment, the talks between the government delegation from Moscow and Dzhokhar Dudayev's representatives resumed in Groznyy. The talks were the reason for the appeal by Shmidt Dzoblayev, chairman of the Confederation of Peoples of the Caucasus to Russia's Parliament. What is this appeal trying to achieve? Over to Shmidt Dzoblayev:

[Begin Dzoblayev recording] Today, 20 July, I sent a statement to Russian Federation Council Chairman Shumeyko. In this statement I substantiate that, as a result of Basayev's unprecedented act of banditry in Budennovsk, the interests not only of the Chechen people but also of the peoples of the entire Northern Caucasus are being betrayed at the negotiating table in Groznyy.

Having given Basayev's gang the opportunity to get off scot free from Budennovsk, having started talks at the bandits' request, something most unpleasant has taken place: State recognition of bandits and banditry and the direct encouragement of terrorism and separatism.

During the course of the talks the bandits were given the opportunity to carry out a regrouping of their forces, to arm themselves, and to kill Russian soldiers daily. A humiliation of the Russian state's authority has taken place. It is not constitutional order that is being restored in the heart of the Northern Caucasus but the reign of gangs of bandits, something that cannot fail to lead to serious complications in the Northern Caucasus region as a whole. The style of the scenario and the manner of the talks are directly leading to civil war inside the Chechen Republic and between the different political forces and communities. In the final analysis, the talks that have started cannot but fail to end in failure, whatever documents are signed there. For this reason we believe that the Federation Council should take on itself the task of achieving national accord in the Chechen Republic. [end recording]

Paper Reflects on Court Hearings on Chechnya

MM2007114995 Moscow IZVESTIYA in Russian 20 Jul 95 p 2

[Article by Yuriy Feofanov: "'Chechnya Case' Is Being Heard. On the Eve of the Verdict"]

[FBIS Translated Text] What is usually called a court investigation had already come to an end in the Constitutional Court, the last petitions by the sides had been examined, and the respective speeches had already been made when Justice Valeriy Zorkin made the following statement: Certain dark areas have formed during the investigation and therefore it is too early to withdraw to the deliberations room to pronounce a final decision. Even before the speeches, the "parliamentary side" was also insisting on summonsing a number of witnesses on the grounds that otherwise the investigation would not be complete. Questions did indeed arise about the sources of the Chechen conflict, about who supplied weapons to Dudayev; State Duma Deputy A. Lukyanov recalled the greetings which Yeltsin and Dudayev reportedly exchanged, and a great deal besides.

The court rejected these petitions. The natural question arises — why? To keep things under its hat? So as not to touch on aspects the authorities find unpleasant? It can, after all, be interpreted this way, which, incidentally certain trial participants were doing behind the scenes: "They did not want to annoy the master."

But Yelena Mizulina, a member of the Federation Council, said something about this that seems to me to be very accurate and legally competent: "Our side refuses to evaluate the expediency of the measures taken by the president and the government to resolve the Chechnya crisis...and concerning the use of armed forces on the territory of Chechnya. These will be of significance in determining the degree of blame of the officials who took this decision when the question of their responsibility becomes the subject of examination in a general court. But considerations of expediency are of no legal significance in assessing the constitutionality of legal acts." Therein lies the explanation why the Supreme Court, which is strictly adhering to its remit, has not plumbed all those depths in which an abscess whose removal has necessitated a bloody surgical operation has been coming to a head. Maybe the general courts will tackle this — 286 criminal cases have been instituted in

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connection with the actions of the federal troops, as S. Shakhray reported in his speech.

Yelena Mizulina's actual "report" can be considered the main one on the plaintiffs' side. To my mind, the speaker managed to draw the legal thread through the political tangles without breaking it. She gave a legal assessment of the president's "secret" edict dated 30 November 1994, with which the war in Chechnya began; the edict dated 9 January 1995; and the government decree which openly instructed that constitutional order be reestablished by all means available to the state, including by employing the army within the country. Yes, it is entirely probable that the employment of regular troops was necessary. But it was just as necessary to observe all procedures envisaged by the law, so that the army's banners would have invisibly inscribed on them: Our cause is not only just but also lawful.

The parliamentary side has pursued this line precisely. Before starting a military operation inside the country it is necessary to provide legal justification. Specifically, the declaration of a state of emergency by legal means, that is, with the approval of the Federation Council. Then everything would be as it should be. This is by no means a formality but an unshakable principle. Although this is, of course, a difficult matter — as with any of these procedures, this is not in the Russian character: Once it is clear **what** needs to be done, it is not so important **how** it is done — as long as it is done as quickly as possible. Hence the conclusion of the Federation Council representative:

"Today Russia has come up against a situation whereby neither the Constitution nor parliament has been able to restrain the president and the government from overstepping the bounds of the Constitution."

The speeches of the sides in the Constitutional Court have once again raised the eternal problem of the correlation between legality and expediency. Can the law be violated in order to save the world? Otherwise, let the world perish as long as justice prevails. To be honest, I have turned this famous aphorism over this way and that countless times in my reports. In theory, everything is easily proved: Abandoning the law means opening the path to arbitrariness; the world will actually not perish if justice prevails. Sergey Shakhray, the representative of the presidential-government side, did not duck this acute problem.

Can you claim over and over again, as has now become the fashion, that human rights are at a higher level than the state's interests? But is it really not clear that, without the state, an individual could not have any rights. It is illegitimate to counterpose them, just as it is to set legality and expediency at loggerheads. We do not live in a vacuum, after all. On a part of Russia's territory, in the Chechen Republic, Dudayev's regime destroyed all legality, pulverized the economy, and trampled on all conceivable human rights. No power could have reconciled itself to this. Inactivity was criminal in this situation. And, without regular army units, no force could have coped with Dudayev's excellently organized army. Thus, everything is clear as regards expediency. So what about the legality?

No, the president did not deviate from legality, the presidential side stated. The Constitution demands the preservation of a state's integrity — that is the norm. Could martial law have been introduced beforehand? No, because there is no such law. Could a state of emergency have been implemented? No, because although such a law does formally exist (it was adopted in 1990), it is practically inapplicable if you adhere strictly to its articles. So what remains for the head of state to do in this situation, while staying within the framework of the law? One option is to rely on the direct effect of the articles of the Constitution, which was done. So there is no direct norm on the use of the army in internal conflicts? But there is no direct prohibition either. The State Duma has adopted a draft law in which, incidentally, this is envisaged. Of course, a draft is not a law, but it has passed through three readings — so the legislator has agreed to it in principle. So why the lawsuit? Maybe its authors have some other motives, and not the settlement of the conflict at all?

Well, the speeches of the sides in the Constitutional Court have shown convincingly what legal chaos we live in. A constitutional area has been created — but here it constricts, there it protrudes, and in other places there are gaping holes. But we have to live — and settle conflicts. This includes the Chechen conflict, which has altogether turned everything upside down. The assailants have a romantic aura about them, the performance of military duty is considered to be virtually a crime, the executive starts a war on the basis of a secret decree, but the legislators, instead of passing a law capable of settling a conflict on a legal basis, compose lawsuits.

Anti-Chechen Feelings of Stavropol Cossacks Viewed

MM2007115195 Moscow TRUD in Russian 20 Jul 95 p 2

[By Vladimir Smirnov: "View of the Situation: Hetmans Begin Adopting Steely Tone"]

[FBIS Translated Text] Stavropol — Following the bloody tragedy of Budennovsk, the already militant

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Stavropol Cossacks have become noticeably more radical. Extremely unhappy with the federal authorities' "tolerance of Dudayev's regime" in the past, Cossack villagers are now openly announcing their "dissent."

Last Saturday [15 July], the Hetman Council of the Stavropol Cossack Host sent Moscow an "Open Letter to the President, Government, and Parliament of the Russian Federation," the spirit and letter of which is extremely close in terms of its abruptness to the Zaporozhye Cossacks' notorious response to the Turkish sultan if not more so: "The Russian Government is conducting talks with a bandit regime which does not recognize its Constitution, territorial integrity, or history and which has plundered its subjects and coffers. Despite having experienced the disgrace and horror of the Budennovsk tragedy, the powers that be have agreed to an unprecedented deal with unbridled nationalists and separatists...."

Then the hetmans "ridiculed" the campaign mounted by the "democratic elite" regarding an "amnesty for Dudayev's bandits," recalling that in the past three years "35,000 Russians and Cossacks have been killed in Chechnya and over 200,000 people have been kicked out." (Who can say for certain now how correct these figures are? — author's note).

Let us be frank and say that these ideas and sentiments are characteristic not just of the Cossacks but also of many retired and serving Army and police officers, a considerable proportion of the region's urban and rural "non-Cossack" population, and even representatives of certain cultural communities (the Armenians, for instance).

There is every indication that we should hardly expect a decline in tension in the near future. If anyone harbors such illusions, they will clearly fade if they study the Cossacks' demands. The hetmans are demanding that Stavropol Kray's status as a border territory be urgently defined (despite the fact that the federal border is hundreds of kilometers away from Stavropol Kray). They are pressing for the "immediate restoration" of Naurskiy and Shelkovskiy Rayons (part of Chechnya) within Stavropol Kray. They are also raising pointblank the question of creating national guard subunits of Cossacks and volunteers and deporting "illegal residents" from Stavropol Kray for which they are proposing to dramatically restrict entrance and residency permits for people from neighboring territories and to rigorously verify the legality of all immigrants' residence there since 1985.

The Cossacks' intentions of creating "Cossack national (!) okrugs" along with villagers' demands that propaganda advocating republics' secession from Russia be regarded as treason and that the restoration of Chechnya's ravaged economy be carried out at local rather than federal budget expense will add to the headache facing the Russian Government and local national leaders.

The Cossacks seem to have taken the bit between the teeth and you involuntarily remember the cry: "Onward into battle, charge!" I know that many people here, including a number of high-ranking kray administration officials, consider the Cossacks' move almost natural. They cite the authorities' powerlessness to combat terrorism, which has for several years now been inflicted on the region by extremists (countless killings of Russians, regular hostage taking in Mineralnyye Vody, and, last, the act of terrorism in Budennovsk). Needless to say, one is bound to take account of these sentiments and aspirations on the part of one of the most organized and troubled forces in the region — the Cossack formations (which are right now public formations).

So, the Cossacks have made their move. It is up to Moscow to respond. Will it be a sensible response? That is hard to say. Particularly if you take into consideration the fact that people in the capital have still not had time to settle the issue of whether to appoint or elect a new Stavropol Kray governor — as you know, the previous one was fired after the Budennovsk tragedy. One is bound to take into consideration the fact that our region is turbulent and has of late been ready to rely on other things besides the force of words.

Prosecutor's Office Claims Basayev in Chechnya

LD2007141595 Moscow INTERFAX in English 1213 GMT 20 Jul 95

[FBIS Transcribed Text] STAVROPOL, July 2 (INTERFAX) — According to the Stavropol Prosecutor's Office, leader of the terrorist attack in Budennovsk, Shamil Basayev, is staying in Chechnya and "is not far from the building of the OSCE [Organization for Security and Cooperation in Europe] mission". The OSCE mission had earlier reported that Basayev had fled to Pakistan.

The territory's prosecutor, Yuriy Lushnikov, reported about this at a press conference in Stavropol Thursday. He also reported that the prosecutor's office has established corresponding contacts with Interpol in case Basayev actually seeks refuge abroad.

Lushnikov expressed the hope that sooner or later Basayev would face criminal charges in a Russian court.

Basayev headed a band of Chechen fighters who seized over 1,000 hostages in Budennovsk this June. More than 120 people were killed as a result of this terrorist attack.

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The terrorists were given the opportunity to return to Chechnya in exchange for freeing the last remaining hostages they held.

Special Infantry Brigade Guards Groznyy Airport

LD2007193695 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 20 Jul 95

[From the "Vremya" newscast]

[FBIS Translated Text] Groznyy again is flooded with militants. No wonder that the number of subversive actions and acts of terror has notably grown of late. Only last night, over 20 shellings of road blocs and commandant's offices were registered. Six explosive devices were discovered at Severnyy airport. The 205th separate infantry brigade is charged with the task of guarding the airport. This brigade was formed fairly recently and will be permanently stationed in Groznyy. The brigade has a peace-making task of protecting order at two airports and demining oil fields and other facilities of the national economy. The brigade began its work and is functioning. Its bloc-posts are on duty around the clock. Military builders are constructing a camp for the brigade near Severnyy airport. They will have everything they need here: Housing for soldiers and officers, arms depots, and soldiers' premises. The builders are in a hurry — two detachments are working in two shifts and the first house-warming parties have taken place.

[Beginn M. Tashlyk recording, head of the construction site] Until 20 April this was a mine field stretching to Groznyy. Now you see our first barracks, headquarters, dormitories for officers. [end recording] [video shows airport, equipment, construction site]

Stavropol Prosecutor Accuses Chechens of Terrorism

MM2107092195 Moscow PRAVDA in Russian 21 Jul 95 p 1

[ITAR-TASS report: "Provocation In Stavropol Kray"]

[FBIS Translated Text] I class the brutal killing of a general educational school watchman, perpetrated yesterday in the village of Starodubskoye, Budennovskiy Rayon, and the message "Freedom and Independence for Chechnya" written on the wall in the victim's blood as an act of terrorism, Stavropol Kray Prosecutor Yuriy Lushnikov said at a news conference at the kray prosecutor's office. This bloody act was so provocative that it is difficult to imagine its possible consequences for Stavropol Kray, which has not yet recovered from the attack on Budennovsk by Shamil Basayev's gang.

"I am convinced," he said, "that there has been a directive from the ringleaders of terrorist groupings on switching to various forms of terror. Terror against individuals is the most convenient method for them, the terrorists' aim being to intensify the explosive situation in the North Caucasus, provoke groups of the population into interethnic conflicts, and ultimately switch to major combat actions throughout the North Caucasus region."

Since Budennovsk, the Stavropol Kray Prosecutor's Office has been taking steps to coordinate the actions of all law-enforcement services, including the police, federal security service, internal troops, and counterintelligence.

Kray First Deputy Prosecutor Aleksey Selyukov said that the operations team investigating the murder of the school watchman in Starodubskoye will be able to establish the motives for the crime in the next few days.

Health Ministry Restores Chechen Health System

LD2007151695 Moscow ITAR-TASS in English 1406 GMT 20 Jul 95

[By Mikhail Karlov]

[FBIS Transcribed Text] MOSCOW, July 20 (ITAR-TASS) — The Russian Health Ministry continues intensive restoration of the practically destroyed health system in Chechnya, the ministry press service told ITAR-TASS on Thursday.

At present, five hospitals, twelve clinics, two nursery hospitals, eleven ambulance teams are operating in Groznyy. New pharmacies are opening up in the city. The health bodies of Chechnya and the adjacent territories have received 24 billion roubles worth of pharmaceuticals, medical equipment and sanitary automobile transport.

Over the past days of July, 127 tonnes of medicines were delivered to only one medical base in Goryachevodsk (nine kilometers from Groznyy). The overall expenses on the purchase of medicines, equipment, and medical transport, carried out by the "National Medical Agency," have reached nearly 39 billion roubles.

Three refrigerating cameras for storing vaccines and 150 refrigerating bags will be purchased for Chechnya in the near future. This is connected with the fact that the epidemic situation in the region is quite tense.

There has been practically no vaccination of the population over the recent years. Therefore, it is necessary to catch up with this oversight in order to prevent the spread of infections to the neighbouring regions where refugees are concentrated. The population is being actively vaccinated against diphtheria, poliomyelitis, and other diseases.

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Beloyarsk Nuclear Plant Again Working at Capacity

LD2007165295 Moscow INTERFAX in English 1530 GMT 20 Jul 95

[FBIS Transcribed Text] ZARECHNIY, Sverdlovsk region, July 20 (INTERFAX-EURASIA) — The Beloyarsk nuclear power plant, located 30 kilometers away from Yekaterinburg, was back at its full working capacity (600 megawatts) Thursday, plant director Oleg Sarayev has said. The plant's sole unit was shut down on July 7 after a leak of non-radioactive sodium in one of the unit's modules was detected.

Repairs have been carried out. Early this week there was another problem — the overheating of a bearing of one of the three generators. The plant's personnel have coped with all the problems. The plant's director says there is no risk to the population or to the environment. The radiation level near the station measures 10 microroentgens/hour.

Economic Independence Movement Backs Rossel

MK2007123695 Moscow SEGODNYA in Russian 19 Jul 95 p 3

[By Yelena Tregubova: "'Transformation of the Ural Region' Will Come Out Against 'Discrimination Against Krays and Oblasts.' Eduard Rossel, Chief 'Transformer,' in Preparation for Gubernatorial Elections in Sverdlovsk Oblast."]

[FBIS Translated Text] A congress of the "Transformation of the Ural Regio[illegible] movement was held in Yekaterinburg last Saturday [15 July]. Eduard Rossel, one of the main candidates for the governorship of Sverdlovsk Oblast, intends to rely on this movement in his election campaign (It will be recalled that President Yeltsin "by way of exception" approved gubernatorial elections in this region on 6 August 1995).

The "Transformation of the Ural Region" was set up to support Eduard Rossel right after the disgraced governor was dismissed from office by the president for his schemes to proclaim a "Ural Republic." Today, the main motto of the movement still remains "raising Sverdlovsk Oblast's status to that of a republic." Mr. Rossel's supporters assert, however, that they "no longer insist on the region's political independence — since the equality of all Federation components plus the right to their own legislation is granted in the new constitution — but are seeking economic independence alone." Mr. Levin, an aide to Mr. Eduard Rossel, talking to your SEGODNYA correspondent, claimed that the "'Transformation of the Ural Region' hopes to reverse the situation whereby neighboring Tatarstan channels 14 percent of its taxes to the federal budget, Bashkortostan — 26 percent, and Sverdlovsk Oblast — 51 percent." So far the oblast has not succeeded in reaching an agreement with the center along the lines of the "Tatarstan option" (the draft document, according to Mr. Levin, "has long been stuck motionless in the Nationalities Ministry.") Therefore, the "Ural Region transformers" will enter the election campaign under the banner of "fighting discrimination against krays and oblasts."

The major rival of the republic-minded Eduard Rossel is Aleksey Strakhov, the oblast administration head (appointed by Boris Yeltsin in place of the dismissed architect of the "Ural Republic"), who is against "imposing on the people the idea of life being miserable because of the region's inadequate status." Aleksey Strakhov is going to emerge in the election campaign with a call to "carry out consistent reforms and create a regular economy for all regions regardless of their status."

The current administration head backed Viktor Chernomyrdin's "Russia Is Our Home" movement and was involved in setting up its regional branch in Yekaterinburg. Eduard Rossel, however, as one of his aides, Aleksandr Levin, admitted, "is utterly negative toward 'Russia Is Our Home' and is determined to spare no effort fighting it during the federal parliamentary elections." This puts Mr. Strakhov's supporters completely at a loss as to why Boris Yeltsin agreed to the gubernatorial elections in Yekaterinburg being held earlier than in all other oblasts. After all, the local administration has said that "Eduard Rossel at the moment enjoys more public support due to his populist calls for regionalization and independence from the center." Thus, having signed his edict on elections in the region, Boris Yeltsin, in their view, is running the risk of making an enemy among the administration heads, who are known to be capable of exerting a major influence on the parliamentary election vote.

Yekaterinburg Mayor, Governor Rivalry Viewed

954F2830A Moscow MOSKOVSKIYE NOVOSTI in Russian No. 42, 18-25 Jun 95 p 6

[Article by Vadim Chelikov, under the "Scandal" rubric: "Bread and Circuses!"]

[FBIS Translated Text] **For three days in Yekaterinburg there was no bread. The bakeries stood idle: In the Urals capital, there was no flour or grain.**

Yekaterinburg—The lines at the stores seethed with anger. When the bread appeared, passions on the "bottom" cooled down. But at the "top," the scandal, it seems, was just beginning. The reasons for the bread crisis that shook Yekaterinburg have to this day not

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been fully explained, although the police, the procuracy, and even the Federal Security Service have set to work on this. The simplest explanation is that 15 railcars of grain were dispatched to Yekaterinburg from the city of Bogdanovichi not by the direct route, but by the circular line, as a result of which they were held up for a long time. And in Yekaterinburg itself there are no stocks of grain and flour, which is why the residents found themselves without bread.

The politicians, however, are not so simple-minded as the people, to be satisfied with this ordinary version. Deputy Governor of Sverdlovsk Oblast Nina Risel announced to journalists that the crisis had been provoked by Yekaterinburg Mayor Arkadiy Chernetskiy, in order to strike at the rating of Governor Aleksey Strakhov and thereby to lower his chances for victory at the upcoming gubernatorial elections.

I remind our readers that the gubernatorial elections are scheduled in Sverdlovsk Oblast for 6 August. It was supposed that the main struggle would unfold between two candidates—the current speaker of the oblast Duma, Eduard Rossel, and the current governor, Aleksey Strakhov. Lately, however, they have been presented with serious competition by Yekaterinburg Mayor Arkadiy Chernetskiy. Chernetskiy does not shine at high-society and official functions, but then, Yekaterinburg is constructing housing at no less a rate than St. Petersburg, roads are being paved, and communications lines are being repaired.

Arkadiy Chernetskiy himself commented on the accusations aimed in his direction with some winged words: "I'll go put out my eye—let my mother-in-law's son-in-law go around lopsided." What he meant was that in the event of a bread riot, the mayor would be the first to lose his seat. Chernetskiy also declared that the bread crisis had not been dragged out only because the mayoralty had worked on holidays and weekends. Whereas the oblast administration had involved itself in the problem only after bread had appeared in the stores.

It seems that the exposes that have been heard in connection with the bread crisis were just a warmup.

Ingush Lawmakers Elect New Speaker

LD2007185095 Moscow ITAR-TASS in English 1756 GMT 20 Jul 95

[By Ruslan Maysigov]

[FBIS Transcribed Text] NAZRAN, July 20 (ITAR-TASS) — Ingushetia's parliament elected new speaker Ruslan Pliyev to replace Magomed Sultygov who resigned on Thursday [20 July] referring to unsatisfactory health condition. Deputy speaker Sait-Ali Khasiyev also said he would resign but lawmakers refused to vote on this motion.

Before being elected, Pliyev, retired colonel, was presidential chief of staff in this Caucasuan republic. In his first address to legislators, he asked deputy speakers to abstain from resignation.

Pliyev is the fourth speaker elected by the Ingushetian parliament over past 18 months.

CRC Chair, Deputy Pay Visit to St. Petersburg

MK2007115895 Moscow KOMMERSANT-DAILY in Russian 20 Jul 95 p 3

[By Igor Arkhipov and Georgiy Urushadze: "Party Life in Russia. 'Honeymoon' Comes to an End in St. Petersburg"]

[FBIS Translated Text] Yesterday, the visit to St. Petersburg and Leningrad Oblast by Yuriy Skokov, chairman of the Congress of Russian Communities (CRC), and his deputy, retired Lieutenant General Aleksandr Lebed, came to an end. The visit to the northern capital by the CRC leaders, planned back in late April and repeatedly postponed, had a clear election hue about it. Mr. Skokov stressed: "We have come to work." As for Gen. Lebed, a budding politician, he intends in his new capacity to use the military-strategic methods he is familiar with. "The most reliable strategy consists of going on and planning and keeping quiet about it, and only then summoning interpreters of the Koran and telling them "Eyes right!" and asking them to substantiate all that has to be!" Lebed stated publicly.

Skokov and Lebed faced the Petersburg public as a pair that have achieved exceptional harmony in working together. What one said was complemented by the other's; the style of presenting their ideas was also similar. For example, Skokov thus described, in the VIP lounge of Pulkovo Airport, the objective of their arrival: "To do some waking-up." Several hours on, Lebed said: "To wake up us Russians, 120 million of us, and us non-Russians, 28 million of us."

More specifically? The CRC leaders today proceed from the fact that the election for the State Duma is of key importance today. They think it serves no purpose for the time being to lay plans for the presidential elections. The CRC leaders are confident that no one will manage to provoke "portfolio" differences inside the CRC. "We are not going to divide any roles yet — we play as one team, which wins together or loses together." Skokov is echoed by Lebed: "We play as a team, we are prepared to sign a piece of paper stating that neither myself nor Skokov are aspiring to any posts."

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Their election strategy was explained by Skokov. The CRC intends to make plans taking account of the fact that an attempt will be made to juggle the election results as in 1993. This, again in Skokov's words, "will be taken care of by Nikolay Ryabov, an international-class master at juggling." This obliges the CRC to work to secure in the parliamentary elections 15 to 20 percent of the votes — "not less than 'Russia Is Our Home' is planning to secure in league with the Central Electoral Commission. Although, on its own, the Chernomyrdin bloc cannot manage more than 7 to 8 percent."

The CRC leaders' visit indicated that they do not intend in their campaigning to stress their being in opposition so as not to become dissolved in the innumerable mass of opponents to the current regime. The ex-secretary of the Security Council and the former army commander are stressing their being "constructive" — they say they are only made members of the opposition by the authorities' unreasonable policies. "We are not in opposition to Boris Nikolayevich, he is in opposition to all of us because he has never acted upon his previous commitments!" Skokov declares. Lebed vows a "consistent" attitude to the events of August 1991, regarding it as an "act:" "I have not changed my view that it was not a Second Russian Revolution at that time, it was a collapse of power." Skokov upholds his adherence to democracy just as resolutely: "I am no less a democrat than those who are now in power." He dubbed Gen. Lebed, his deputy in the CRC, as "a democrat in the finest sense of this word."

The visit to St. Peterburg was made at the invitation extended by the city organization of the CRC, which is now headed by Gennadiy Vodoleyev, former chief of the Leningrad Department for the Struggle Against Embezzlement of Socialist Property and Speculation and a retired colonel, instead of Viktor Talanov, who is a DPR [Democratic Party of Russia] faction deputy in the State Duma. The CRC leaders' meeting with the Petersburg activists was referred to as "invaluable support." In the words of Aleksey Musakov, one of the heads of the regional CRC branch, as a result of the visit there will be started "creative work to nominate candidates for seats in the Duma in all one-candidate constituencies of St. Petersburg and the oblast."

Whereas it was a full house during the CRC leaders' press conference (reporters of 55 mass media outlets were on hand), Skokov's meeting as chairman of the Federation of Commodity Producers with representatives of commodity producing circles was far from being as representative. It was attended by only 22 heads of enterprises: the others declined to attend since they are perhaps members of the United Industrial Party, "Our House," and "Democratic Choice of Russia." Skokov thus reported the reaction of those gathered: "What is the use of talking with you? If you were to announce you are a presidential candidate...." Of more use for the election campaign may be Lebed's meeting with representatives of war veterans' organizations, including those of Afghan war veterans.

Third of Chuvashia Deputies Ordered To Resign

MK2007132695 Moscow KOMMERSANT-DAILY in Russian 20 Jul 95 p 3

[Unattributed report: "The Court Is a Friend, But the Truth Is More Important"]

[FBIS Translated Text] Pursuant to a recent ruling by the Russian Constitution Court, the Chuvashia Central Electoral Committee has passed a resolution deeming the December 1994 registration of 14 State Council deputies null and void. After this resolution is approved by an emergency session of the Chuvashia parliament, nearly one-third of the parliamentarians will have to resign. The deputies themselves, while agreeing with the court decision, at the same time recalled that analogous violations occurred in the course of elections in 19 Federation components, but owing to the persistence of republic President Nikolay Fedorov, only Chuvashia deputies have suffered. This happened because, according to the parliamentarians, they have proved disagreeable to the republic executive branch.

Mordovia's Draft Constitution Promulgated

MK2107082495 Moscow SEGODNYA in Russian 20 Jul 95 p 3

[Unattributed report]

[FBIS Translated Text] Saransk — Mordovia's new draft constitution has been promulgated. The document provides for the post of president to be introduced in the republic. The president will be elected for a term of five years through a direct, national vote. He will be empowered to form the government, appoint its chairman, and dissolve the State Assembly which, however, can only be done with the consent of the Russian Federation Constitutional Court. The president can also abolish government decrees. The draft describes the republic's status as that of a constituent member state of the Russian Federation. No law passed by its parliament can contravene federal legislation. It also provides for dual citizenship.

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Chernomyrdin Welcomes Tyumen Oil Extraction Plan

LD2007173495 Moscow ITAR-TASS in English 1630 GMT 20 Jul 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] SURGUT, July 20 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin supported, on the whole, the programme proposed by Tyumen oilers to increase oil extraction by introducing a differentiated subtle taxation of unprofitable oil wells, and revising excise duty on extraction.

Attending a working meeting at Surgutneftegaz joint-stock company, Chernomyrdin proposed that concrete estimations on lowering taxes and excise duties for severe extraction zones be submitted to him on Friday. He stressed, at the same time, that it is necessary to make calculations for each individual deposit, preferably on the spot.

It is impossible to settle such issues in Moscow. A common position and common conditions for all are perilous, the Premier stressed. He said that this decision is profitable for the state above all because the programme requires moderate financing in the amount of eight million dollars, which will not overload the budget.

The implementation of an eight-million-dollar investment policy (in the form of lessening taxes and excise duties, as well as attracting direct investments) at the Samotlor deposit will bring about 150 billion dollars of direct profit by the year 2000.

The main objective is to increase oil extraction, the Prime Minister stressed. With the current world oil price of about 120 dollars a tonne, and 20 dollars of direct expenses on extraction, a considerable number of oil wells in the region operate at a loss, which is fraught with the danger of their shut-down.

Over the recent years, geological prospecting has not been conducted here due to the shortage of financing. For the same reason, the earlier prospected zones cannot be industrially prepared.

The head of Nizhevartovskneftegaz joint-stock company, extracting oil at the largest West Siberian Samotlor deposit, Viktor Paliy, said that the programme will enable to check the steady decline of oil and gas extraction already this year. He added that it will also be possible, starting in 1996, to extract annually thirty million tonnes of oil more, which will amount to approximately ten percent of annual increment in oil extraction.

Ingushetia Bans Oil Exports To Ensure Airport

MK2007132295 Moscow SEGODNYA in Russian 20 Jul 95 p 1

[Unattributed report: "Oil Exports From Ingushetia Have Been Banned"]

[FBIS Translated Text] Ingushetia President Ruslan Aushev has banned the export and sale of raw and refined oil produced in the republic. Oversight over the execution of the order has been entrusted to the Internal Affairs Ministry and the Ingushetia Customs Committee as well as to the Ingushnefgazkhimprom concern. According to the document, this measure has been necessitated by the need to make oil deliveries in payment for the contract to build an international airport in the republic by the Swiss Zaybert-Stinnes [as transliterated] firm. This year Ingushetia plans to produce 140,000 tonnes of oil.

Head of FE Tax Police Arrested in Vladivistok

LD2107061395 Moscow ITAR-TASS in English 0558 GMT 21 Jul 95

[By Vladimir Konoplitskiy]

[FBIS Transcribed Text] VLADIVOSTOK July 21 (ITAR-TASS) — The head of the Russian Far Eastern tax police, General Aleksandr Bondarenko, was arrested by Federal Security Service agents right in his office in Vladivostok late Thursday.

TASS learned from reliable sources that he was immediately flown to Moscow where he was taken to the notorious Lefortovo investigation jail which used to belong to former KGB.

No grounds for the arrest have been officially disclosed so far, but Tass learned from well-informed sources that the arrest was linked to the forced ousting of Vladivostok mayor Viktor Cherepkov from his office in March 1994.

He was dismissed on charges of bribery which had been fabricated by law enforcement agencies of the Far East, the office of the Russian Prosecutor General later ruled.

At that time Bondarenko headed the regional department for organised crime fight and it was he who reportedly headed the operation to oust Cherepkov.

However, after the office of the Russian Prosecutor General interfered, a number of high-ranking Far Eastern officials involved in the "Cherepkov case" were arrested, including two tax police officers — Major Vladimir Dunin and Lieutenant Colonel Aleksandr Gorbushin who were direct Bondarenko's subordinates and designed the bribery charges against Cherepkov. The

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man who reportedly gave the bribe to Cherepkov was also arrested. He posed for a certain Volkov and said he headed the local association of Afghan war veterans. In reality his name was Bugrov and he was a local policeman.

All the arrested are beuing kept in Lefortovo. Dudin announced a hunder strike there protesting against the charges.

Economic Issues

Panskov Discusses Foreign Debt, Defense Order

LD2007175495

[FBIS Editorial Report] Moscow MTK Television in Russian at 1430 GMT on 18 July broadcasts a 16.5-minute interview with Russian Finance Minister Vladimir Panskov from the "Podmoskovye" program. Correspondent Aleksandr Artsybashev begins by asking Panskov: "Do you agree that today in Russia, toward the end of the 20th century, finance is not in very good shape?"

Panskov replies: "I agree entirely, agree entirely, but we need to look at the reasons why all this is happening and on the basis of this put this financial situation right."

Artsybashev comments that the former USSR had owed the West $75 billion in credits while during the years of reform the debt rose to $130 billion.

Panskov responds: "First, I must correct your figures slightly. You gave the right figure for the former Soviet Union's debts to the Western states but you did not count one factor, that in addition debts were added after the collapse of the Council for Mutual Economic Assistance and when an independent Russia was established we began to share out these debts, who owes whom, and this showed that we owed a great deal to almost all the countries of the former socialist commonwealth. The sum amounted to or approached $100 billion. At the end of this year it will have grown to 130, you gave the right figure. This year we are talking in the region of $10-$11 billion both to finance programs and basically to cover the budget deficit, and to be more exact this money is to be used to finance those debts that we have to pay back this year. That is we are borrowing some money today in order to pay back old debts. That is right."

Asked to comment on the failure to index pensions and wages at the beginning of the year, Panskov says: "You need to look at it in this light, that of course the standard of living for both the inhabitants of the Moscow area and the country as a whole, over the last three to four years, has fallen sharply, I have in mind for the overwhelming majority. A specific category has of course become rich, there has been a very strong stratification, but it should be said that it is — I do not like to use this word — a natural phenomenon for a country that is transferring to the market. It is an unavoidable process, the only thing is that we should have prepared our population for the fact that reforms never happen smoothly, never. A country in one condition cannot move to another, opposite condition, without cost, serious cost. Somehow this was not explained to the people, they were not told: wait six months or a year and it will be better. Miracles do not happen, miracles do not happen."

Artsybashev points out that ever since the 1940s Russia's leaders had been promising a better life for the people. He goes on to say that a large number of defense enterprises in the Moscow region had fulfilled the defense order for last year but had not been paid. Their hot water had been cut off because they had debts of 1.5 trillion rubles [R], while in turn the Defense Ministry owed them R600 billion.

Panskov responds that he did not agree with these figures. "If you remember, in 1994 the defense order was confirmed toward the end of 1994, somewhere in September or October, I do not remember now, the Ministry of Defense, without the government's approval of the order, concluded agreements with the enterprises to the tune of, if I remember rightly, R27 trillion. The defense order, what the Ministry of Finance could finance, what was allocated in the budget, was not more than 9 trillion. Many enterprises were idle, knowing in advance that they would not be paid. I cannot say that the situation this year has improved sharply but at least the defense order was made in advance, the enterprises knew that it would be in the region of R9 trillion, but the problem that the Ministry of Finance ran into was that we had to pay off debts for 1994. Up to 1 July we looked for possibilities to pay off debts for wages and for scientific work for the defense order, and we paid them, these debts for 1994. But financing in the present year has fallen through a little, but it is going a little better in the third quarter. I do not promise mountains of gold, some kind of miracle, but financing of the defense order in the third quarter will be almost 100 percent, 100 percent of those budget allocations this year. But unfortunately we will be able to pay off the debts that have accumulated for the first half of the year, if we can of course, only in the fourth quarter. But there cannot be R600 billion in the Moscow region. We have, crudely speaking, something in the region of R2 trillion in the country as a whole."

Artsybashev says a minister had given him the figures but that he would check them out. He then expresses concern that the government was wasting all its money.

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Panskov responds: "I agree that the growth in the money supply, the money base, has really exceeded all the predictions of the government and Central Bank, and because of this inflation has not come down to those parameters that we wanted it to. But I do not agree with you that the government spent more money than it had.... We have not spent a kopeck more from the budget, and moreover, I should say the budget deficit is approved at 5 percent of annual domestic product. For the first half of the year we have only 3 percent, that is we reduced the budget deficit further.

"Why has the money base grown? For one simple reason. The Central Bank, in order not to allow the fall of the dollar, the collapse of the dollar, note, not the ruble but the dollar, and not to allow the severe depreciation of those savings that the population has in dollars and keeps at home, not in the bank etc., I mean the Savings Bank, basically they keep this money in their pockets, in order for our exporters to be able to work normally, so that the dollar did not collapse, the bank really had to buy up these dollars on the foreign currency exchange and put money into circulation."

Artsybashev comments that the Central Bank had wasted its foreign currency reserves and the Finance Ministry its gold reserves in de-dollarization of the economy. Panskov replies that the Central Bank's hard currency reserves were at a level normal for any civilized state while the government did not aim to have reserves at all as these should be the province of the Central Bank.

"We saved the dollar, saved the dollar," Panskov says. "We saved the population's dollars.... That part of the population that does not have dollars must be supported — and this is not even the nub of the matter. It is that exporters needed to be supported."

Privatization Earnings for First 6 Months Detailed

LD2007163795 Moscow INTERFAX in English 1530 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (FIA-INTERFAX) — The federal budget received 104 billion rubles as revenues from privatization of state property in the first half of 1995. At the same time, the budget envisions privatization revenues of 9.1 trillion rubles over the whole year.

A high-ranking official of the State Property Committee told INTERFAX's Financial Information Agency that the state had to sell property worth over 20 trillion rubles to obtain revenues of 9.1 trillion rubles in 1995. At the same time, the value of state property sold in January through June 1995 does not exceed 1.2 trillion rubles, including 700 billion rubles from selling shares of privatized businesses by auction, 111 billion rubles from state-owned shares in privatized businesses and 478 billion rubles from leasing real estate and land.

The official said his committee planned to boost privatization in the second half of the year so that the budget receives the required amount. Major holdings in the most efficient enterprises will be put on auction this autumn, he added.

Daily on 'Favorable' Six-Month Economic Performance

MM2007153595 Moscow IZVESTIYA in Russian 20 Jul 95 p 1

[Article by Otto Latsis: "Commissioning of New Housing Tripled in June. Figures for the First Six Months of the Year Testify to Favorable Trends in the Economy"]

[FBIS Translated Text] As has already been reported, no decrease in industrial production compared to the same period last year was recorded in May for the first time since 1990. According to the latest information from the State Committee for Statistics [Goskomstat], this result was repeated in June, meaning that we are more likely dealing with a trend than a one-shot occurrence. A trend toward stabilization.

The favorable figures for May and June have pulled up the figures for the six-month period as a whole: Industrial production during the first six months of this year was 3 percent down on the same period last year as opposed to 4.5 percent down in the first quarter (in the first six months of last year it was 24 percent down on the first six months of 1993). As a logical consequence of the stabilization of industrial production, employment has also stabilized: The monthly increase in the number of unemployed decreased from a record 8 percent in February to (an estimated) 0.5 percent in June.

The figures for the first six months also confirm the trend toward a foreign trade boom: Exports to the far abroad increased by 28 percent compared to the first six months of last year, while imports from these countries increased by 18 percent. There was a favorable balance of trade for the six-month period of $11.3 billion.

All the main negative processes of the preceding months also continued into June (though partly in a less acute form). For example, production of manufactured consumer goods in June was 90 percent of the figure for June last year, and for the first six months of the year it was 87 percent of the figure for the same period last year. With the exception of radio sets, the production of technically complex durables is decreasing particularly sharply. The decline of light industry, especially shoe manufacturing, continues.

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The consumer price index increased by 6.7 percent in June compared to an increase of 7.9 percent in May. Thus inflation has been decreasing every month this year, but it is decreasing much more slowly than required to carry out the government's promises for the current year. Perhaps the only cause for celebration is the fact that the producer price index for manufactured output in June was 6 percent — that is it was lower than the consumer price index for the first time this year.

In these circumstances we should not be surprised that the worrying social processes which became more acute last fall are persisting. Real disposable cash incomes are still lower than for the corresponding period last year (unlike in 1993 and 1994): by 10 percent in June and by 7 percent for the six-month period as a whole. True, they were higher in June (and May) than in the preceding month. At the same time, the rise in the number of people with incomes below the living wage, which has reached alarming proportions — 30 percent of the population or 44.5 million people — has been halted. This figure nevertheless fell by 2 percent in June compared to May.

So the recently observed positive processes have been consolidated and the negative ones have either continued or become a little less acute. You could say that nothing sensational happened in June. But suddenly some movement was detected — still not an improvement but, so to speak, the precursor to an improvement — in the area where a revival is awaited with the greatest impatience because the whole transition from decline to recovery depends on it: the area of investment. The Goskomstat report contains words which seemed to have been well and truly forgotten: Production capacities for 450,000 tonnes of pig iron have been commissioned at the "Metzavod imeni A.K. Serov" joint-stock company and acceptance papers for the commissioning of a 215,000-kilowatt turbine at the Khara-nur state regional electric power station in Chita Oblast have been signed.

However, taking the six-month period as a whole, the decline in investment continued, although it slowed down in comparison with last year. The increase in capital investment in June of 10 percent over the previous month falls within the normal seasonal changes. But there was nevertheless one sensation: The commissioning of new housing in June was 3.3 times greater than in May. And this cannot be explained by seasonal fluctuations. Compared to the first six months of last year, the construction of private houses by individuals using their own resources and credit increased one and a half times. Some 20 percent of all housing is funded by private resources. As we know, a revival of housing construction usually precedes a recovery of the investment process as a whole.

Paramonova Sees More Confidence in Ruble

LD1907141795 Moscow INTERFAX in English 1158 GMT 19 Jul 95

[FBIS Transcribed Text] Moscow, July 19 (INTERFAX) — The recently increased confidence in the Russian ruble is the major result of the first half of this year, acting Chairman of the Russian Central Bank Tatyana Paramonova told correspondents at the State Duma building on Wednesday.

Russian Prime Minister Victor Chernomyrdin proposed Paramonova's candidature to the post of Central Bank Chairman at the State Duma today on the instruction of the president.

In the words of Paramonova, the recent policy of ruble stabilization held by the government and the Central Bank softened ruble fluctuations and enabled the introduction of a "currency corridor" (4,300-4,900 rubles to the dollar - IF).

The Central Bank has accumulated considerable reserves of foreign currency. "Today Russia has foreign currency reserves it has not had for a long time," stressed Paramonova.

The increased reserves of foreign currency "raised the confidence in Russia on international currency markets."

Speaking of the increased ruble mass, Paramonova noted that the "newly-minted rubles are guaranteed by foreign currency reserves. They are no longer the pieces of paper they used to be."

Asked about possible denomination of the ruble, Paramonova stressed "there will be no denomination in the near future."

Economic Scientist Skeptical of 'De-Dollarization'

MM2107103995 Moscow TRUD in Russian 11 Jul 95 p 2

[Article by Doctor of Economic Sciences Larisa Piyasheva: "In Pursuit of Savings. Will the 'Attack' on the Dollar Make People More Confident About the Future?"]

[FBIS Translated Text] The birthmarks of the socialist mentality will determine our lifestyle for a long time to come. We are used to the state always acting in its own interests. In the past, it endlessly improved the state planning system and collected all revenue for the budget without hindrance. The traditional arsenal of mobilization and confiscation is used by the government of

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reforms even now to cover the budget deficit, achieve financial stabilization (as under Gaydar), and implement a "patriotic" program of "de-dollarizing" the money market. Economics Minister Ye. Yasin calls it "sterilizing the economy." It is a question of removing dollars from circulation, wiping out the savings of citizens and commercial banks, and mobilizing resources accumulated in society to meet "state needs."

The effectiveness of the Western system of state regulation, which people in our country are so fond of citing, is determined by the legal environment, market relations, and private ownership. Without this, "improvement" turns into a government free-for-all. You need only recall 1992, when Gaydar's taxes eliminated Gorbachev's cooperatives, nipping the private sector in the bud and criminalizing all economic life. The "innocent" emission of money implemented under the slogan of financial stabilization started an inflationary spiral which wiped out all savings and guaranteed the mass export of capital. I could also remind you of the financial adventures to solve the problems of "primary accumulation" by the nomenklatura, and also the contrived nonpayments crisis, when wages were not paid and budget commitments ignored. Once again for the sake of "financial stabilization." This could have been forgotten, if it were not for the fresh attempt to do the same all over again.

Substantial changes have taken place in our lives in recent years. The positive changes include an increase in savings, which shows that some citizens have been able to put aside part of their wages for a rainy day, to acquire property, and, given a favorable investment climate, to start up their own business. A network of commercial banks has formed — potential investors in the private sector. Freedom of trade has eliminated shortages and the market is filled with all kinds of goods and services. The export of Russian raw materials also plays a positive role: Despite the extremely acute crisis in Russian industry, a significant proportion of the population is keeping its head above water. In short, wherever society has been given economic freedom and the state has not "improved" its presence, positive results are there to be seen.

Conversely, active interference by the state has led to negative results. They are the export of capital, prompted by our monetary, credit, and taxation policy, and the lack of investment, which is directly linked to the government's inflationary course. The government has held back and continues to hold back the start of an industrial boom, apparently inventing its own reaction to every positive action.

For example, the removal of private savings from "under the mattress" and from bank accounts has been declared as one of the main thrusts of current policy. The authorities want to thereby mobilize accumulated capital for purposes of investment. This action is called "de-dollarization." They are trying to give it a very "patriotic" slant by saying they are cleansing the economy of foreign currency. "A long-awaited process has now begun," T. Paramonova explained. "Dollars are being sold. The role of the ruble as a proper national currency is being strengthened."

People have certainly begun to sell dollars, but for a quite different reason. Until recently, they were the only guaranteed means of protecting income against inflation (all other means have long been compromised). But now the drop in the dollar exchange rate artificially brought about as part of the policy of de-dollarization (alias financial stabilization) is causing nervousness, even panic among people with savings "under the mattress" and is forcing them to look for ways to protect their savings against further confiscation. The situation is highly reminiscent of that seen at the end of 1991 and the beginning of 1992, when the population feverishly spent its savings in the hope of keeping at least something. The Central Bank's present policy is once again forcing some to make unplanned purchases, others to convert their currency into precious metals or property, and the rest to gamble: Sell dollars today, when the exchange rate is falling, and buy them tomorrow at an even lower rate.

At the same time, a fresh offensive has been launched against commercial banks, especially as the amount of spare cash in their accounts is estimated at 15 trillion rubles [R]. A hunt is also under way for cash that is not spare: The licenses of "offenders" are being taken away, fines are being imposed, the size of the mandatory reserves which commercial banks must transfer to the Central Bank is being increased, urgent secret telegrams are demanding that all cash be transferred "within three days," and so forth. "Banks in Russia now have so much spare cash, they do not know where to invest it," T. Paramonova commented on the nature of the Central Bank's racketeering actions. Imagine just for a minute the head of the U.S. Federal Reserve announcing something similar. Our bureaucrats, on the other hand, seriously believe that all accumulated capital belongs to them and that they will spend this money more sensibly than anyone else. In withdrawing the licenses of a number of banks, they do not conceal the main reason: The Central Bank cannot control them all, cannot cope. They want to reduce the number of commercial banks to 100 or 200 obedient and manageable ones. (Thankfully,

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they do not want to reduce the number to just three or four.)

They are playing a trick on the banks, as they are on the population, a game they cannot lose and that goes all their way — into their coffers, to be precise. The crux of the matter was clearly stated by T. Paramonova: "The banks have sold us dollars, and we have given them rubles which they can invest." As dollars are a hard currency, reliable and protected, whereas rubles are a soft currency easily regulated with the aid of the printing press, exchange is not just unfair: It is extortionate. In exchange for dollars, banks are receiving virtually worthless rubles devalued by the printing press, which will never be invested under these circumstances.

In the last two months of vigorous action to de-dollarize the Russian economy, "gold and currency reserves" have stood at approximately $10 billion. This is the amount which the government has withdrawn from investment and consumer circulation, stashed away, and reported to the president as one of the achievements of stabilization. Like our citizens, our banks are not selling dollars out of patriotic considerations or out of belief in the government's stabilization policy. The requirement to increase the size of mandatory reserves and other demands by the Central Bank are forcing them to reduce their currency resources. Moreover, banks have absolutely no choice but to take part in speculative games with the government. It is well known that on "black Tuesdays," when the ruble has fallen, and on "bright Thursdays," when it has recovered, the dedicated and the lucky have made fortunes for themselves.

The state has drawn large commercial banks into its game with short-term state bonds and other securities, guaranteeing high interest. For some reason, this redistribution mechanism is termed noninflationary, evidently in just the same way as money emission in recent years has been described as noninflationary. By means of "toytown money," which the government treats as proper currency, it is able to cover its debts, finance the war in Chechnya, and redistribute capital for arms production. Every extra ruble printed, every "toytown bill" reduces the value of savings and income, inflates prices, and whips up the inflationary spiral. The state pyramids now lined up in the place of private financial pyramids ("MMM," "Khoper," and others) threaten much more far- reaching consequences. They are playing with society and resorting to ungentlemanly actions — secretly printing "stabilized" rubles and using them to buy up foreign currency. Instead of transferring profits to the budget, the Central Bank is buying up its own securities on the secondary market and takes a guaranteed percentage. (Of the R1.75 trillion received by the Central Bank in the first quarter, it transferred R875 billion to the state budget and used the rest to buy securities.) This is all above board: It is not prohibited by law.

"They" attack, we defend ourselves. Society's response to past confiscations has been to convert its savings into dollars, on which the authorities are now waging war. What means of protection will be devised on this occasion? It is hard to say at the moment.

The private financial pyramids which grew out of Chubays' check investment funds, through which citizens were stripped of their property, have been dealt with by the authorities, leaving behind a vast number of deceived citizens. Commercial banks and private pension and insurance companies are now the targets of attack. With licenses being withdrawn from banks right, left, and center if they are found guilty of even the slightest misdemeanor (which can always be invented), fewer and fewer clients want to entrust them with their money.

When the budget was finally adopted in the middle of March and the finance minister declared a national celebration, a conciliation commission was set up to clarify the figures. It immediately submitted the draft federal law "On Investing the Assets of Reserve and Insurance Funds of Enterprises, Institutions, and Organizations, and Also the Assets of Nonstate Pension Funds and Insurance Companies in State Securities," under which all were obliged to invest no less than 70 percent of their assets in state "securities" with a minimum circulation of six months. Ostap Bender himself would have been overjoyed if the law had slipped through the Federation Council. They could not risk confiscating pension and insurance funds directly, so they planned to destroy them indirectly. At that time the federal budget revenue from the planned scheme was estimated at R2-2.5 trillion. After that the scene would be played out in the traditional way: Pensioners would have been pointed in the direction of the "swindlers" from these funds who had failed to honor their commitments.

To all appearances, the intention to withdraw the dollar from circulation is serious. The policy of "de-dollarization" is not an independent action by the Central Bank: It is official. At present the Central Bank does not envisage wholesale confiscation. "The preconditions for really forcing the dollar out of circulation are gradually falling into place," it claims, "and the Central Bank will, of course, play an active role in regulating this process."

The introduction of a fixed exchange rate for the ruble is a step in this direction. The decision is half-hearted and sets the range of fluctuation permitted by the government for a period of three months. According to presidential aide A. Livshits, there was long and careful

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preparation for this. True, they did not foresee having to introduce a fixed exchange rate for the mark, the yen, the pound sterling, and so forth as well as the dollar or having to train new cadres to counter currency speculators. In my opinion, fixing the dollar exchange rate will inevitably give rise to a black market and be a greater headache than aides and advisors think. But the main point is that neither financial nor social stability will be increased by fixing the currency exchange rate — or by fixing prices, incidentally.

Citizens are being given the opportunity to adapt to the new economic realities: They can convert their savings into precious metals, buy a plot of land, or redecorate their home. However, the main option is missing: No one will invest their savings in investment projects. Few will be interested in buying shares in semiprivatized enterprises to which anything could happen. The freedom of economic life needed to start up a business has never existed and does not exist now. The pursuit of savings of individuals and banks alike will continue to put people off normal economic behavior: Namely, to live modestly and invest their savings in their own business.

At the start of the reforms, the "money overhang" (savings) prevented Gaydar from beginning financial stabilization, and it destroyed him. Now our dollars are the stumbling block. Will their elimination make our society more stable and increase our trust in the authorities?

Daily Previews Upcoming 1996 Budget

954E1193A Moscow KOMMERSANT-DAILY in Russian 4 Jul 95 p 2

[Article by Vladislav Borodulin: "Russia on the Threshold of the Fifth Seizure of Budget Fever"]

[FBIS Translated Text] Everywhere in the world, the start of the new fiscal year has a specific date which has been set once and for all. Everywhere in the world, but not in Russia, where finance specialists do not celebrate their professional New Year either on 1 October or on 1 January. The fiscal year begins from that moment, perhaps not always evident to the view of the nonprofessional, when the budget process enters its final stage. It is specifically from this date that the budget problems of the current calendar year are forgotten for good, or at least fade into the background, making room for the fierce battles surrounding prosperity or survival in the next 12 months. It looks as if the time of another bout of the budget fever has already set in, and this means also that the new fiscal year in Russia is not far behind.

We may speak of the impending onset of the new fiscal year in Russia not only on the basis of verbal statements made by members of the government. As we know, they declare in unison that the draft budget will be presented to the lower house of parliament already on 20 July (most likely, it will be presented a day earlier — during the prime minister's address to the State Duma). Its impending approach is evidenced by the emergence of two government decrees last week, relating to this year's budget problems as well as to the budget for 1996.

Only on 24 June, a week before the end of the 2nd quarter, Viktor Chernomyrdin signed the decree, "On the Results of Fulfillment of the Federal Budget in the 1st Quarter and the Tasks for Provision of Fulfillment of the Federal Budget in 1995." On one hand, this document had to appear. After all, in the fulfillment of the Russian government, the initially broader concept of "economic policy" was equated this year specifically with budget policy. And to regulate (or at least simulate) strict administrative control over fulfillment of a progressive budget is clearly in the interests of the government, which finds itself under the constant scrutiny of experts at the IMF. On the other hand, the almost two month delay in the issuance of an effective document, in general (its draft was discussed at the meeting of government at the beginning of May) allows us to draw at least the following two conclusions.

First of all, the content of this decree may be evaluated as a rather painful defeat of Minister of Finance Vladimir Panskov. The overly energetic — from the viewpoint of Minfin [Ministry of Finance], of course — initial variant, by the time it left the office of the head of government, had lost a good portion of its potential, and had practically turned into a commonplace, featureless, piece of paper. The list of Minfin's losses is rather impressive: From the clearly expressed "warrantor" emphasis of the draft (in it, Minfin merely controlled and coordinated fulfillment of tasks for replentishing the budget by various departments) to the total fiasco with the idea of forcing Mintopenergo [Ministry of Fuel and Energy] to agree to Minfin's project of differentiating excise taxes on oil (the final variant does not even make any mention of the existence of this problem). As a result, of the tasks given out by Vladimir Panskov's hand, the only ones remaining are the task of conducting an all-encompassing verification of the enterprises trading in and producing alcohol and the demand to "Rosvooruzheniye" to see that the proceeds from the sale of arms are handled in accordance with the federal budget. Then again, just as evident is the tactical character of Ilyinka's defeat — Vladimir Panskov will not give up his efforts to achieve subordination (or at least direct control) of the basic fiscal state services.

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Second, the authorities are euphoric over the relatively successful fulfillment of the budget in the first half of the year, and have noticeably cooled to the budget problems of this year. The increase in customs duties, the receipt of the first tranches of stand-by credit and certain other measures allow the government to look to the future with optimism and to pay slightly less attention to current problems. Moreover, reduced attention to this year by Minfin was facilitated by the apogee of the governmental portion of the budget process-96, the fifth since the beginning of radical economic reforms in Russia.

It is curious that even on 18 May, during the government discussion of the conception of budget-96, Vladimir Panskov did not know what this was — "the president's budget message" (he himself told our KOMMERSANT-DAILY about this). However, Boris Yeltsin's budget message, submitted to the government on 22 June, did not bring any surprises, and therefore the budget-96 is being formulated in a purely canonical manner. With one single exception, which was introduced by the government decree on education by the Interdepartmental Commission for Review of Budget Projections of the Ministries and Departments of the Russian Federation for 1996. The primary sense of creating this body is to maximally free the Ministry of Finance from responsibility for the sharp reductions in budget requests by the sectorial ministies. (It is curious, but from year to year they are almost equal to the volume of the gross domestic product of Russia). Before, when the decisions on such questions were adopted by associates of Minfin, all year the sectorial ministries rebuked the Minfin for its lack of objectivity and for the shortage of funds. The mutual responsibility introduced by Vladimir Panskov will not make the process of sequestration less painful or long (yesterday one of the associates of Minfin complained that, "the commission is working with great difficulty and is already violating all the deadlines"), but nevertheless it can serve as an insurance policy against cadre changes in Minfin.

New Pay Raise To Cost 3 Trillion Rubles Per Month

LD2007203395 Moscow INTERFAX in English 1821 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (INTERFAX) — About 3 trillion rubles a month will have to be raised from the federal and regional budgets to finance the government resolution for an increase of the minimum wage to a monthly 55,000 rubles. The resolution is to come into force from August 1. Nikolay Lagutin of the Economics Ministry's Finance Department informed INTERFAX of this Thursday.

The Russian State Duma (lower house) Wednesday approved a government initiative saying the minimum wage should be increased from 43,700 rubles to 55,000 rubles. The bill has now been sent for approval by the upper house, Federation Council.

Lagutin said that a 26 percent pay rise would not be painful for the budget, given that the government derived 10 trillion rubles in tax revenues in the first quarter alone which was due to rising GDP. "The money needed is all there", he said. Lagutin said that a similar rise was also expected in pensions, benefits and student grants.

According to official counts, the minimum cost of living in Russia runs at a monthly 260,000 rubles.

Early Jul Food, Commodity Prices Documented

MM1907135395 Moscow ROSSIYSKAYA GAZETA in Russian 19 Jul 95 p 3

[Unattributed report "Based on materials from the Price Analysis and Forecasting Administration of the Economic Situation Center Under the Russian Federation Government": "The Week's Prices 3 Through 10 July. Sugar Is Dearer Because It Is Sweet, Water Pipeline Is Dearer Because It Is Rusty"]

[FBIS Translated Text] The overall index of inflation was 101.4 percent for last week and 181 percent for the period since the beginning of the year. Charges for paid consumer services increased twice as fast as prices of food and nonfood goods. The average monthly cost of the basket of the 19 most important food products totaled 204,000 rubles [R].

The biggest rises in the prices of goods and services was recorded in cities of the Central Chernozem Region (1.8 percent) and the smallest in the West Siberian and Far East Regions (1.1 percent).

Plenty of Potatoes for Everybody — But Not Everybody Afford Them

In the past week basic food products became 1.3 percent more expensive. The seasonal increase in potato prices continues. Over the week they became an average of 9 percent more expensive. Among oblast centers in the European part of Russia the most expensive potatoes are on sale in Moscow at an average of R4,496 per kilogram. In this geographical zone the cheapest potatoes are in Kaluga and Orel at R1,221 and R1,329 respectively. But throughout Russia as a whole the highest potato price was recorded in Far East cities.

Of the other monitored food products, sugar again became substantially (4 percent) more expensive. In addition, last week an appreciable increase was registered

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in the price of flour, bread, and bread and flour products — 2.7-3.5 percent. At the same time the seasonal increase in fruit and vegetable prices ceased.

Last week the price of food products increased most in the Volga and Central Chernozem Regions. Here it was necessary to pay 3-6 percent more than a week ago for bread, eggs, sugar, and lunch at public catering enterprises.

A Friend Is a Friend, Except Where Tobacco Is Concerned

In the period 3 through 10 July there was a 1.1-percent increase in the prices of nonfood goods. Last week printed newspaper publications became 4.2 percent more expensive and fuel became 3.5 percent more expensive. There were less appreciable changes in the prices of women's leather summer shoes (2 percent), tobacco products (1.8 percent), and construction materials (1.6 percent).

The most expensive region in terms of prices of nonfood goods is still the Far East, where many of the monitored goods are being sold at the maximum prices in Russia, construction materials in particular. For example, 1,000 bricks are being sold at R2.8 million in Petropavlovsk-Kamchatka and at R331,000 in Kirov (cheaper by a factor of 8.5).

Moscow has joined the list of cities where the highest construction material prices are being recorded. Thus, 1 cubic meter of lumber costs R790,000 in the capital. The minimum price — at R141,000 — was recorded in Omsk.

Week's Stock Market Price Movements Detailed

MM2007140295 Moscow IZVESTIYA (Financial Section) in Russian 20 Jul 95 p iii

[Article by Aleksey Goncharov, leading specialist of "Tserikh" Investment Bank: "The President's Illness Has Hit the Stock Market"]

[FBIS Translated Text] Yeltsin's illness proved decisive for the market situation. The static [ostanovivshiysya] market felt the influence of the speculative mood of the major Russian investors — they deliberately lowered quotations, sparking rumors of a prevailing trend toward a decline in the activeness of foreign market participants and of their refusal to continue operating on the Russian market. It was at that moment that the quotations for securities of the majority of issuing companies fell. It was the consequences of that fall that the market operators were forced to overcome in the second half of the week, when the tendency for the value of the most liquid assets to rise prevailed on the whole. A characteristic feature of the market here was the fall in the bid price, whereas quotations for the sale of the majority of securities did not change and even increased in respect of "Rostelekom" and "Urayneftegaz." The average fall in respect of enterprises' shares was 5-7 percent. The biggest bid price fall was observed in respect of shares in the "LUKoil" Company and its daughter structures. Thus, the drop in respect of shares in the holding company was 8 percent, in respect of "Langepasneftegaz" 11 percent, and "Urayneftegaz" 7.7 percent. The fall in the bid quotations for shares in "Kogalymneftegaz" was clearly speculative — they fell by 15 percent overall, which in money terms is over $6. The bid price of shares in "Surgutneftegaz" also fell 15 percent, as the week's results revealed, that for "Purneftegaz" shares fell 11 percent, and that for "Tomskneft" shares fell 13 percent. At the same time two factors are noteworthy: First, in respect of shares in the Kama Truck Plant and a number of oil companies and metallurgical enterprises this indicator was much lower; second, the "quotation landslide" and the "panic" on the part of a number of market operators ended as quickly as it had begun. In any case, manifest growth was noted in shares in "LUKoil" and its daughter companies on the market Wednesday, and on Thursday quotations reached Monday's level. According to experts of the BANKO [expansion unknown] service, such a clear variation in the price, and also the growth observed in the volume of deals relating to these securities, provide further evidence of speculative selling, which outwardly replicated a fall. A certain drop in trading volumes Friday was an indirect factor pointing to a midweek buy-up, and this was accounted for by the need to reregister the rights of ownership to the packages of securities acquired. It became obvious that the market situation, at least, had not worsened: The number of operators remained unchanged, and the amount of liquid assets even increased — "Tomskneft" and "Permneft" were added to those cited in the table [as published; article is not accompanied by any tables]. In the opinion of brokers, shares in these issuing companies are being bought up in connection with the proposed changes in the structure of Russian Federation oil companies — which gives hope of acquiring potentially lucrative assets at a comparatively low price at the first stage of the growth in their quoted price. On the results for the week, the bid price of shares in "Tomskneft" increased 11 percent overall — to the level of $5.8. The situation on the market for shares in "young" oil companies merits further examination. Thus, last week a certain increase in the quoted price (by 5.5 percent) was observed in respect of shares in "Megionneftegaz," which quickly became a speculative market asset, whereas the situation was reversed with regard to "Purneftegaz" securities.

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According to specialists, however, the 3-percent drop in their value does not constitute a changing trend on this market but is, rather, a consequence of ongoing buying up by the issuing company and its market makers for the purpose of enlarging the existing share package, already valued at 3.2 percent of the incorporation capital. It is planned that this package will be sold to foreign investors with the assistance of the Chase Manhattan Bank, thereby increasing the share of foreign capital to 18-19 percent of the company's incorporation capital. Something similar was observed on the market for shares in "Varyeganneftegaz," but in this case the buyers are Russian dealers.

The leader in last week's price increase was the Kama Truck Plant — which in itself is not surprising. It is noteworthy that the rate of growth in its value was maintained — at the level of 20 percent a week. Dealers ascribe this situation to these shares' great potential for further growth — for two reasons. First, the foreign partner is fulfilling faithfully all the details of the signed agreement; second, the plant is now working without interruption, and the U.S. side's investments are helping the Kama Truck Plant to make promising developments with regard to improving the trucks' competitiveness on the world market.

The price of the Bratsk Aluminum Plant's securities increased 6 percent overall last week — which is a high indicator for the market for shares in metallurgical enterprises, which, on the whole, has little liquidity. This increase was occasioned by demand from big Russian dealers and is a consequence of the interest which big investors take in this enterprise. At the same time we can hardly expect the establishment of a long-term tendency for growth in the price of shares in this issuing company — similar precedents have already been observed in the securities markets with respect to the Magnitogorsk and Novolipetsk Metallurgical Combines. A somewhat different approach by dealers was observed on the market for shares in the West Siberian Combine. The fall in price resulted from a synchronous lowering of the bid prices by major Russian investors, but also by Russian agents for foreign portfolio investors. Moreover, confirmation of such actions is provided by the total lack of sales of these shares on the secondary market.

A clear worsening of the situation was observed on the market for power enterprise shares — suffice it to say that, according to the week's results, the prices of securities did not increase in respect of a single issuing company in this sector. There are various reasons. Whereas the drop in the quotation was simply minute in respect of "Mosenergo" (down 1.5 percent) — a result of the continued interest in acquiring large packages of these securities — and even benefited the dealers, the situation was far worse with regard to shares in "Irkutskenergo." First, the market was obviously "overheated" by speculative demand, and in this case a drop in price is natural, particularly as there are no more orders from foreign investors. Second, major market operators have already managed both to form packages of shares in this issuing company and to sell them, and so they no longer have an interest, and many of them are selling small packages at a comparatively low price. Third, there has been a decline in interest in the enterprise's shares not only on the market in the capital but also in the region.

Finally, the drop in the quoted price of shares in the "YeES Rossii" Russian Joint-Stock Company was primarily a consequence of the company head's unsuccessful trip to the United States. It turned out, however, that the issuing company still has to cover a very long road until the emission is realized, which means that the current buy-up is premature, to say the least. All the more so as the statements made by the issuing company's leadership about the "real value" of these shares being $100 have not met with understanding from foreign partners. According to our experts, the situation on the market for shares in this enterprise will be determined by an auction, in which approximately 1.5 percent of the company's incorporation capital is being put up.

Finance Ministry's Upcoming T-Bill Previewed

LD2007203595 Moscow INTERFAX in English 1821 GMT 20 Jul 95

[FBIS Transcribed Text] Moscow, July 20 (INTERFAX) — The Russian Finance Ministry intends to continue to issue of T-bills, albeit with slight changes to the procedure of their turnover, Bella Zlatkis, head of the ministry's Securities Department, told a conference on T-bills in Moscow Thursday.

The new procedure of issuing T-bills, which are designed to overcome the problem of non-payment, calls for a single depository. Plans for this are being drafted by the ministry and Central Bank experts.

Furthermore, the profitability of the new T-bills will be linked to that of the state securities market, Zlatkis said.

She explained that these changes were dictated by the need to meet the commitments to the International Monetary Fund such as ending the turnover of these securities in order to receive a stand-by credit from the IMF.

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International Affairs

Ukraine Ratifies Financial Accords With U.S.

MM2007133995 Moscow IZVESTIYA in Russian 20 Jul 95

[POSTFACTUM report: "Ukrainian Supreme Council Ratifies Agreement Between U.S. and Ukrainian Governments" — from the "Financial IZVESTIYA" section p i]

[FBIS Translated Text] The guaranteed structural agreement between the governments of Ukraine and the United States, signed on 10 May this year, was ratified recently by the Ukrainian Supreme Council. Under the agreement the U.S. Agency for International Development will provide $175 million to enable Ukrainian importers to acquire U.S. agricultural products. The period for the repayment of the credits is 540 days, and the U.S. products are to be delivered to Ukraine before 31 December 1995. The Ukrainian Supreme Council also ratified a guaranteed structural agreement between the Ukrainian Government and the U.S. Export-Import bank. According to the document, the bank will participate in financing two programs — short-term amd medium-term. Some $250 million will be required for each program. For the first program the bank will allocate the entire sum in the form of credit to enable Ukrainian importers to acquire U.S. goods and services, the term of credit being 180 days. For the second, which has a term of five years, the Export-Import Bank is allocating 84 percent of the sum, while the importer has to provide 15 percent before the financing begins.

Supreme Council Member Meets Council of Europe Official

LD2007191595 Kiev UNIAR in Ukrainian 1510 GMT 20 Jul 95

[FBIS Translated Text] Kiev [no date as received] — Oleksandr Tkachenko, first deputy chairman of the Supreme Council of Ukraine has met Klod Egi, the chairman of the Chamber of Regions of the Congress of Local and Regional Authorities of Europe at the Council of Europe. Mr. Egi is in Kiev on instructions from the secretary general of the Council of Europe to study interaction between the central and local authorities within the framework of the constitutional agreement. In his opinion, Ukraine's accession to the Council of Europe in September will contribute to the consolidation of democracy and acceleration of the economic reform in Ukraine.

Tkachenko said accession to the Council of Europe is of fundamental importance to Ukraine and it would be an important step toward the implementation of economic reform. At the same time, Tkachenko emphasized the temporary nature of the constitutional agreement. As regards the adoption of a new constitution, he said that provisionally by the end of the year, one or two drafts of the constitution would be submitted for the consideration of the Supreme Council of Ukraine and the new constitution will be approved without fail in the first half of next year.

Volodymyr Moyiseyenko, deputy chairman of the Commission for Legal Policy, State-Building, Council Activities and Self-Government, member of the Constitutional Commission and Mykola Korniyenko, deputy head of the department of science and expertise at the Supreme Council secretariat attended the meeting.

Kiev, Moscow Agree on Fish Catch Quotas

LD2007150095 Moscow INTERFAX in English 1246 GMT 20 Jul 95

[FBIS Transcribed Text] Kherson, July 20 (INTERFAX-UKRAINE) — Ukraine and Russia have come to an agreement on clamping down fish catch quotas in the Sea of Azov, "IF-U" was told today by Stepan Artiushchik, head of the Yuzhrybvod Ukrainian administration.

Under the intergovernmental protocol-agreement signed in Kherson last week, the quotas were imposed, in particular, on the catch of khamsa, sturgeon, herring and plaice. Thus, the sturgeon catch quota is 1/3 for Ukraine and 2/3 for Russia; the khamsa catch quota - 1/2 and 1/2 respectively.

"Practically every accord is acceptable for the Ukrainian side", Artiushchik pointed out.

This agreement, he said, will be valid only for the fish-catch season of 1995.

Ukraine and Russia also agreed to hold twice a year meetings of the special commission to look into the results of fulfillment of this accord.

Udovenko, Shmarov Leave for London Talks on Bosnia

LD2007201995 Moscow ITAR-TASS in English 2008 GMT 20 Jul 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV, July 20 (ITAR-TASS) — Ukrainian Foreign Minister Hennadiy Udovenko, Defence Minister Valeriy Shmarov, head of the foreign policy department of the presidential administration Vladimir Furkalo, and other officials of the Foreign and Defence ministries left for London on Thursday [20 July] to participate in the Friday meeting of the "contact group" on Bosnia at ministerial level.

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A spokesman for the Ukrainian Foreign Ministry said Thursday that Ukraine insists on political methods of solving the armed conflict on the territory of ex-Yugoslavia. The spokesman, Yuriy Sergeyev, added that despite the tough situation of Ukrainian peacekeepers in Bosnia, the Ukrainian delegation will stand firmly on this position during the Friday meeting in the British capital.

Sergeyev said that the Ukrainian delegation left for the meeting "with a package of proposals on the entire complex of problems of peaceful settlement in Bosnia-Herzegovina." The Ukrainian delegation intends to voice its readiness to act as an objective intermediary in the negotiating process.

The delegation will confirm the proposal of the Ukrainian Foreign Ministry on an immediate convocation of a UN Security Council session at the level of foreign ministers to make an all-round analysis of the situation in Bosnia and Herzegovina and adopt unconventional decisions which would contribute to the restoration of dialogue and a quest of a settlement formula, the Ukrainian Foreign Ministry spokesman said.

Shmarov: Plan Prepared To Evacuate Peacekeepers

LD2007172195 Moscow INTERFAX in English 1556 GMT 20 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Ukraine does not intend to withdraw its troops from Bosnia-Herzegovina where they form part of a UN peacekeeping contingent, Ukrainian President Leonid Kuchma told journalists in Kiev Wednesday [19 July].

He stressed that the present situation was especially difficult since there were no obvious solutions to the conflict.

Ukrainian Foreign Ministry receives information on changes in the situations in former Yugoslavia every two hours, Foreign Minister Hennadiy Udovenko told INTERFAX. He said he intended to meet with Ambassadors of countries members of the Contact Group before the group held its meeting in London.

Opposition observers in Kiev do not see any concealed political meaning in the Kuchma statement. They claim that the president intends to keep Ukrainian troops in former Yugoslavia because Ukraine is interested in funds provided by the UN.

In following issues PB [Presidential Bulletin] will continue informing its subscribers about commentaries of President Kuchma's entourage on maintaining Ukrainian "blue helmets" in former Yugoslavia.

The situation with two Ukrainian companies surrounded by Bosnian Serb forces is "under permanent control," Ukrainian Defense Minister Valeriy Shmarov told at a news conference in the Ukrainian Defense Ministry Wednesday.

IF Note: The 2nd and 3d companies of the Ukrainian peacekeeping battalion in former Yugoslavia are surrounded in the Moslem enclaves of Zepa and Gorazde in west Bosnia.

Shmarov stressed that despite constant pressure no member of the Ukrainian contingent was hurt. "Political and military measures are being worked out to evacuate our peacekeepers," he said.

Shmarov also said that his ministry was in permanent contact with the UN special envoy to former Yugoslavia Yasushi Akashi, General Smith, commander of the "South" zone, as well as with Serb and Bosnian leaders.

He said General Smith met Wednesday with Bosnian Serb leader Radovan Karadzic who gave him assurances that not a single Ukrainian peacekeeper would be hurt.

Commanders of the "South" zone plan to visit Ukrainian peacekeepers to decide whether they should be evacuated.

"We are working out a plan of evacuation," said Shmarov. He said that consultations on the issue had been held with U.S. Defense Secretary William Perry and with commanders of NATO troops in former Yugoslavia.

National Affairs

Udovenko Upbeat on Kuchma's First Year in Office

LD2007185495 Moscow INTERFAX in English 1622 GMT 20 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] KIEV, July 20 (INTERFAX) — Over the year of Leonid Kuchma's presidency, Ukraine made a breakthrough in its relations "with most influential countries of the world, their associations and international institutions," Ukrainian Foreign Minister Hennadiy Udovenko told INTERFAX-UKRAINE in an exclusive interview.

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The development of relations with the U.S., Germany, Canada and closer cooperation with the E.U., NATO, U.N. and other institutions is evidence of the fact that Ukraine has become an "important factor on the international arena."

"Over the relatively short period, it has been managed to shape the image of Ukraine as an important European power, worthy and necessary to deal with. This became possible in the first place thanks to the adoption of the market reforms program and Ukraine's joining the non-proliferation treaty," he said.

These changes had an impact on the attitude of international financial institutions, G7 countries and E.U. towards Ukraine. "Today's agenda includes an issue of attracting foreign investments to the country," Udovenko added.

The minister said Ukraine had "entered the way towards stabilization of relations with Russia and improvement bilateral relations with the CIS states."

Udovenko underlined that "the partnership with Russia and CIS countries is developed, but not at the expense of a lowering activity on the western direction." "Ukraine is using all possibilities available for integration into Europe's economic's political and other structures as an equal partner," he added.

Legislature Pledges 'No Revision of Main Principles'

AU2007140595 Kiev HOLOS UKRAYINY in Ukrainian 18 Jul 95 p 3

["Address by Ukraine's Supreme Council to the People of Ukraine on the Occasion of the Fifth Anniversary of Adopting the Declaration on Ukrainian State Sovereignty" issued in Kiev on 14 July 1995]

[FBIS Translated Text] Esteemed fellow citizens, five years ago, on 16 July 1990, Ukraine's Supreme Council, in fulfilling the people's will to build a free and independent state, approved the fateful document — the Declaration of Ukrainian State Sovereignty. The declaration determined the fate and the future of the entire Ukrainian nation and proclaimed a new approach to viewing Ukraine's status in the system of international relations.

At the nationwide referendum held on 1 December 1991, the people confirmed the rightness of the choice and ultimately solved the question of Ukraine's state independence.

The Supreme Council assures the people of Ukraine that the main principles of Ukraine's state structure that were proclaimed in the Declaration are not subject to revision. We must do everything to protect and stand up for the main principle in the building of our state — the principle of the power of the people — the formation of power bodies by the people and to create conditions for the people to express their will. It is only such state that can be considered democratic.

There is still much we need to do to achieve complete implementation of the principle of the division of powers proclaimed by the Declaration — the principle that must guarantee against the usurpation of power.

Proceeding from the statements in the Declaration, we will continue working on the creation of a strong economy based upon equality of all forms of ownership and will reform the role of the state in economic relations in such a way as to enable the state to protect the rights and freedoms of its citizens without restricting their private interests or initiatives.

We are obliged to consistently stand up for the territorial integrity and inviolability of Ukrainian borders, ensure systematic adherence to law and order on its territory, and to wage a decisive struggle against crime. We must create conditions to preserve the environment and must in every way promote free cultural and spiritual development of the people of Ukraine. Our goal is to create such a society in which interests of the state and of the individual would be harmoniously united.

It goes without saying that these tasks may only be fulfilled through a consolidation of all strata of our population in the name of Ukraine's true sovereignty, only through inspired labor of every person, and only through strengthening discipline, order, and proper organization. It is only under such conditions that crisis phenomena in the economy and instability on the consumer market may be overcome, civic peace and accord maintained, and an improvement in the standard of living achieved.

While congratulating everybody on the occasion of the fifth anniversary of the adoption of the Declaration of Ukraine's State Sovereignty, Ukraine's Supreme Council reiterates its determination to continue doing everything possible for implementing it and calls upon all citizens of our independent state to make a worthy contribution to resolving this historic task.

Kiev, 14 July 1995

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Kravchuk Accused of Participation in Funeral Clash

LD2007122895 Moscow ITAR-TASS in English 1206 GMT 20 Jul 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV, July 20 (ITAR-TASS) — The Ukrainian Prosecutor's office has been instructed to launch a thorough investigation into the circumstances of the fierce clash between Kiev's police and participants in the funeral of Patriarch Vladimir of the Ukrainian Autocephalous Orthodox Church last Tuesday [18 July].

Several tens of people were injured in the clash which took place near the Saint Sophia cathedral in the Ukrainian capital last Tuesday, a spokesman for the Kiev internal affairs department, Petro Vasyuk, told ITAR-TASS today.

According to the Ukrainian Interior ministry and the Kiev internal affairs department, people's deputies, including ex-president Leonid Kravchuk, played an important role in the clash.

When it was announced that the Patriarch's body will not be interred in the Saint Sophia cathedral, Kravchuk called on the people to disobey authorities.

According to Lieutenant-Colonel Vasily Kostyuk, chief of the Starokievsky Internal affairs department, Kravchuk announced upon leaving the Saint Vladimir cathedral, where the funeral service was taking place: "I promise that the Patriarch will be buried in Saint Sophia's."

Then, Kostyuk said, after the funeral procession got underway, the former president ordered that it head for Saint Sophia's cathedral.

President Leonid Kuchma's press service chief Mikhail Doroshenko also told ITAR-TASS that Leonid Kravchuk had provoked violent action. According to Doroshenko, "the impression is that the worse is the situation in the country, the better it is for the ex-president."

The Ukrainian law enforcers hold that the leadership of the Ukrainian autocephalous orthodox church decided to change the place of Patriarch Vladimir's burial under pressure from certain political forces in Ukraine who want the cathedral proclaimed a historical preserve by Unesco to be subordinate to their denomination. according to many politicians and statesmen, there are people who were seeking to reach their specific ends by provoking the clash with police.

As a result, 34 policemen were injured in the clash, one of them very seriously as his skull was fractured. Another policemen was hospitalised with his arms broken. Seventeen funeral procession participants were hurt; most of them are in hospital suffering from severe bodily harm.

Sources in the law enforcement agencies deny allegations that there were casualties.

Resignations Demanded Over Incident at Funeral

LD2007211495 Moscow INTERFAX in English 1829 GMT 20 Jul 95

[FBIS Transcribed Text] KIEV, July 20 (INTERFAX-UKRAINE) — Kiev city organization of the Ukrainian Social-Democratic Party demanded that the Ukrainian Government as well as the leading officials of the Kiev administration be dismissed by President Kuchma as those who "has stained Motherland's dignity and honor for ever" in connection with an incident during the funeral of Patriarch Volodymyr.

The clashes between militia and mourners escorting the coffin of the Patriarch of the Ukrainian Orthodox Church Volodymyr (Romaniyk) took place in the Sophia square in Kiev Tuesday. As a result some persons have been injured. The statement sent to INTERFAX-UKRAINE on Wednesday, stressed "President Kuchma's personal responsibility for the further possible developments."

The paper says that there is no exuse for either of the sides involved in the incident in the Sophia Square. It also notes that "interference of the secular authorities with the affairs of the Church" is unlawful.

Journalists Urge End To 'Illegal' Police Actions

LD2007152095 Moscow ITAR-TASS in English 1426 GMT 20 Jul 95

[FBIS Transcribed Text] MOSCOW, July 20 (ITAR-TASS) — A group of Ukrainian and foreign journalists demanded that the Ukrainian President Leonid Kuchma put an end to illegal actions of law-enforcement bodies against representatives of mass media.

The letter addressed to the Ukrainian head of state was signed, among others, by ITAR-TASS correspondent in Kiev Mikhail Melnik. He experienced on his own back the results of the command to "clear out the square" on the night of July 18, during the clash between the police and participants in the burial ceremony of Patriarch of the Ukrainian Orthodox Church Vladimir.

The correspondent was hurt by tear gas, used by the police along with truncheons. The dictaphone was snatched from the reporter during the skirmish.

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The Glasnost Protection Foundation insists that the police were deliberately beating up journalists. The foundation writes in its report circulated in Moscow on Thursday that the rights of dozens of journalists have been violated in Kiev on July 18.

Correspondents of Ukrainian and foreign mass media were beaten up, several photo and television cameras were broken. The foundation lists concrete names of the sufferers, including representatives of Ukrinform, Reuters, Associated Press news agencies, Ukrainian Television News, TIA-Vikna, FIR-30, WTN television companies.

Chernobyl Called 'Best' Nuclear Plant in Country

LD2007112495 Moscow ITAR-TASS in English 1035 GMT 20 Jul 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV July 20 (ITAR-TASS) — Ukraine again warned the West that if it fails to provide financial assistance for the closure of the Chernobyl nuclear power plant, it would continue operating as it turned out be the "best" and "safest" of all other enterprises of the industry, according to the results of the first six months of 1995.

"The Chernobyl nuclear power plant (CAES) is one of the best plants in the country, according to the results of the first half of the year", spokeswoman of the Ukrainian Atomic energy committee Tatyana Yagish told TASS Thursday.

In 1986 the Chernobyl plant caused the world's worst nuclear disaster when its fourth reactor exploded.

Yagish said that the coefficient of the use of the third reactor of the plant reached 98.9 per cent, while the average industry figure was 84.7 in the first six months of the year. Besides, Yagish said the plant was "leading in observing the rules and norms of safe operation" and there were only 0.5 violations for each reactor, while the average national figure was 3.3.

The CAES produced 6 billion KwH of electricity since the beginning of 1995.

However, Yagish admitted that the Chernobyl nuclear power plant is "such a specific object that it has either to work or be gradually closed down".

She said Ukraine wants the West to pay 4.4 billion US dollars for the closure of the plant.

"The countries of the G-7 keep silent so far. If the silence is too long, the Atomic Energy committee will, most evidently, decide on the reconstruction of the CAES and will operate it until there are finances to shut it down", Yagish said.

Reasons for Tsekov Failure Analyzed

954F2753A Simferopol KRYMSKAYA PRAVDA in Russian 8 Jul 95 p 1

[Article by O. Shakhnyuk: "Political Week: Results and Forecasts: His Example Is a Lesson to Others"]

[FBIS Translated Text] As men of science say in the event of an unsuccessful experiment, "a negative result is still a result." For this reason the generally not very comforting results of the activity of the Supreme Council of Crimea that were reflected in the resignation of its chairman, which was the main political event of this week, should not be consigned to oblivion.

What foreordained such an outcome on that day, 5 July, fateful for Sergey Tsekov, when 54 deputies spoke out for his resignation? After all, all the similar efforts of the "anti-Tsekov opposition" (of which there were no less than three) failed to achieve their objective in the past. It is said behind the scenes in parliament that S. Tsekov's undisguised disappointment over the results of his recent visit to Kiev, where the speaker of the Crimean parliament was treated with obvious indifference, became a unique emotional background for carrying out a "personnel revolution." The correctness of such a version was indirectly confirmed in an interview by Sergey Tsekov himself, when he expressed the hope that it will be easier for the new chairman of the Supreme Council of Crimea to find understanding and support in the higher echelons of authority of Ukraine.

In this connection it is appropriate to recall another press conference that Tsekov gave in the spring of last year immediately after assuming the post of head of government. At that time he expressed full confidence that all the objectives of the Russia bloc, which was victorious in the elections, would be put into effect without fail, and that then President of Ukraine Kravchuk would personally arrive in Simferopol in order with his presence, so to say, to bless the federal treaty between Ukraine and Crimea.

This example, like a drop of water, reflected the illusion usually characteristic of the minions of fate that the noble aims and the beautiful doctrines proclaimed by them should materialize owing to their benevolence and beauty. However, policy is by no means a continuous triumphal march in a straight line—there are intricate zig-zags where success can only be achieved by a skillful and shifty slalomist.

How many critical arrows were shot at one time at Nikolay Bagrov, a loser in the sensational presidential elec-

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tions, when he was chairman of the Supreme Council of Crimea. Moreover, the then speaker was criticized basically for the arranged direction of parliamentary life and for holding the invisible strings of power firmly in his hands, relying on the "nomenklatura-director majority" in the Supreme Council. But the paradox is that when, after defeating this same "nomenklatura majority" in the elections, the members of the opposition from the Russia bloc themselves won an absolute majority in parliament, the notorious direction was performed in a new rendition for two months at most, after which the Supreme Council of Crimea began to resemble a poorly tuned piano.

Moreover, it turned out that even one's own "threads" in the Presidium of the Supreme Council were insufficient for a direction that was formed according to a principle that was the direct opposite of that of the well-known rule of the ancients: "Plato is my friend, but truth is dearer." Although in May 1994, during the formation of the governing organs of parliament, the most perspicacious deputies proposed the creation of a presidium on an interfactional basis in order to share the burden of responsibility for everything that occurs in parliament among all the factions, and to get away from the corporative system that is harmful to parliamentary work. But all reasonable arguments were rejected. And as a result it turned out that even "friend Plato" was at times attracted to those who were displeased with his lofty leadership of parliament. It is remarkable that the desired unity is not even observed in the factions that lately supported S. Tsekov—this is in reference to the Russia and Russia-Unity factions. For example, during the election of the successor to Sergey Tsekov held on Wednesday 5 July, Yuriy Podkopayev, leader of the Russia faction, received only 34 votes.

So, it is possible to talk not only about interfactional disagreements, which in the words of S. Tsekov impede the consolidation of parliament and productive work, but also about elements of obvious "partisanship" in the factions that at first seemed to be the backbone of parliament.

It follows from all that has been said that there are three reasons, at minimum, for the perceptible fiasco of the former leadership of the Supreme Council of Crimea. First is the superficial doctrinaire attitude with elements even of harebrained schemes instead of an ability to work under real (and not imagined) conditions. Second, counting on the so-called apparat style of work, in which the resolution of principally important questions of parliamentary existence is replaced by the simple switching on of the "voting machine." And finally, there is a lack of ability for critical analysis of one's own mistakes and miscalculations, as a result of which there was a search for a scapegoat inside and outside parliament.

Speaking before the deputy corps from his own program, Yevhen Suprunyuk, newly elected chairman of the Supreme Council of Crimea, promised to arrange the work of parliament in a new way. The future will show how successful he will be. But in order that the future be successful it is necessary to look more frequently into the "catalogue" of past errors and draw the appropriate conclusions from them.

Deputy Evaluates Crimea Presidium Change

954F2818A Simferopol KRYMSKIYE IZVESTIYA in Russian 15 Jul 95 p 2

[Interview with Anatoliy Burdyugov, deputy of the Supreme Council, by KRYMSKIYE IZVESTIYA correspondent Olga Kulakovskaya; place and date not given: "You Do Not Have a Plain Here, Here the Climate Is Different...."]

[FBIS Translated Text] The changes that were a long time ripening in the bowels of our parliament, and which finally "ripened" to such an extent that, torn away from the power tree, they "overwhelmed" the entire Presidium, could not have left indifferent not only outside observers but also, which is highly logical, the direct participants in the action. The advent of the new leadership of the Supreme Council has revived hope of the appearance of a constructive factor in the process of parliament's law-making work. Particularly in its relations with the Government of Crimea and, what is of considerable importance, with Kiev. The antagonism observed throughout recent times on these parallels reached its limit. It all had to end sometime. And in something specific. Many people believe that it is good that everything has ended (or perhaps not yet even?) this way. The main topic of discussion in the parliamentary lobbies today is the future of the republic, in connection with the attempted ideological reorientation of the Supreme Council. Nor could this topic be avoided in the interview between Anatoliy Burdyugov, deputy of the Supreme Council, and KRYMSKIYE IZVESTIYA correspondent Olga Kulakovskaya.

[Kulakovskaya] So what had to have happened has happened.... Everyone understood this, most likely. But, nonetheless, such a development of events was a surprise to many people....

[Burdyugov] Yes, you are right. The question of the resignation of the leadership of the Supreme Council had, as we know, been raised repeatedly. But, as a rule, there always happened to be just a few more deputies who opposed this. On this occasion the events connected

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with the Crimean Tatars were the impetus, as it were, for a resolution of the chronic parliamentary crisis. They provoked parliamentary tension. The pendulum swung sharply.

Many politicians expressed the thought, and I also spoke about this, that there was not before a situation that contributed to the change of leadership of the Supreme Council. And here this situation suddenly appeared.

[Kulakovskaya] You mean that the Tatar protests were the pretext for the overthrow of the parliamentary leadership?

[Burdyugov] Of course. As I have already said, they served as the impetus, as a result of which the resignation of the entire Presidium headed by the speaker followed.

[Kulakovskaya] But it is altogether difficult to discern the direct culpability for what happened, particularly of the head of the legislative body.

[Burdyugov] It is appropriate to compare here how culpable are, say, saplings swept up in an avalanche for the fact that this avalanche occurred. There are no grounds for ascertaining who is less culpable, who, more. What happened, happened. And this should be taken as an inevitability.

We lived to see this moment and should understand it and perceive it as something that goes without saying.

[Kulakovskaya] Well, no one is dramatizing it. There is a desire simply to comprehend it.

[Burdyugov] There may, of course, be attempts to analyze why it happened this way. On the one hand we were, truly, being pressured by Kiev (we shall not specify the reasons or look to see who is to blame), and the leadership of the Supreme Council sensed its helplessness. On the other, aside from private, personal conversations of certain Crimean members of parliament with the Russian leadership, this had no repercussions. Crimea acted, in fact, the part of some membrane perceiving merely the sound effects of both sides. Our hearing perceived only the echoes these sounds.

[Kulakovskaya] What was behind, in your view, the choice of the new leader of parliament?

[Burdyugov] I would draw an analogy here with the situation in November 1964, when Leonid Ilich Brezhnev was elected first secretary of the CPSU Central Committee. A person who suited everyone and who would not stand out all that strikingly and who would not, least of all, be mixed up in anything.

[Kulakovskaya] It is surprising that the pro-Russian majority, which until recently, at least, has, truly, been a majority, allowed the accession to power of an individual of a manifestly pro-Ukraine persuasion....

[Burdyugov] It is very hard to say that we were of a clearly confirmed pro-Russia mood.

[Kulakovskaya] Really, is that so?

[Burdyugov] It was in words only.

[Kulakovskaya] And now we have witnessed total recoil, the capitulation, in fact, of the Russian idea....

[Burdyugov] This is, truly, total recoil, total capitulation. In addition, it is altogether impossible today to speak of some strength of the Russia bloc. The dismissal of Sergey Pavlovich Tsekov from the position of chairman of the Supreme Council is testimony to the total failure of the idea proclaimed last March.

The elections to the local councils that were held recently showed this as clearly as could be.

[Kulakovskaya] There has now been a reverse reaction, that is, and the words of the Russia bloc, which were at that time taken as the watchword, are now perceived as a "red rag"?

[Burdyugov] Precisely.

[Kulakovskaya] Are we not threatened by the other extreme?

[Burdyugov] I do not think so. There are no clear prerequisites for this. Were some fine-sounding slogan now to be tossed to the people (and, what is most important, taken up by them), on behalf of the communists or reformers, to which the Economic Revival of Crimea Party attributes itself, the chance of a repetition of the path traversed by the Russia bloc would be realistic. This is not the case today. Our society is concerned more with the solution of day-to-day problems than with politics. Especially since it is tired of playing these games. And once again the elections to many local authorities, which were simply invalid in many places, showed this graphically.

[Kulakovskaya] You have sorted everything out so smartly. Perhaps in this case you know what awaits us, given the current distribution, in the future?

[Burdyugov] No one has the faintest idea, but we can surmise. I believe that the times favor the new leadership of the Crimean parliament. Events in Crimea and Ukraine as a whole are developing in principle quite reassuringly. Quite a strong Cabinet of Ministers has, by many estimates, been formed in Ukraine today. There are serious prerequisites for a number of reforms,

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specifically, monetary, and in a package with this, reform of the taxation and pricing systems, to be pursued in Ukraine. If this happens, the conditions for the start of the development of the economy should take shape, by all accounts. And if our Supreme Council, say, has sufficient wisdom and intelligence to "win back" for the republic 5-10 percent of the economic privileges or, more precisely, liberties, we in Crimea will be able to alleviate the economic situation even more.

As Saburov formerly did, for instance, having revised the system of taxation. Everyone felt immediately that things had become easier. Second, a new system of currency regulation was, as you know, introduced. This was immediately reflected in the economy. Many enterprises are still longing for that system of currency regulation, flawed in principle, to operate. But at that moment it reflected the economy's actual requirements.

[Kulakovskaya] You believe that the new leadership of parliament can make good what has been lost in the economic sphere?

[Burdyugov] Quite right. It needs to be said unequivocally that with the accession to power of the Russia bloc, all the priorities we had acquired by way of the hard and long work of the Council of Ministers of Crimea and the last Supreme Council headed by Bagrov were lost. Today we have an opportunity to correct the situation, orienting ourselves toward the plan of measures mapped out by the Cabinet of Ministers of Ukraine. And if we are sufficiently wise, we will, as I have already said, obtain an extra plus.

[Kulakovskaya] You speak with such enthusiasm about all this that I involuntarily wonder how you personally,, as a member of the Economic Revival Party, possibly, like the new speaker.

[Burdyugov] I find it hard to answer.... I believe that it was extremely it is necessary at this time to shift the political emphasis. I am absolutely convinced that the most painless and, most important, useful thing for everyone would be the dissolution of the Supreme Council altogether. And I am prepared at any time to submit a statement on my relinquishing my deputy's authority. But under these conditions I understand that this is pointless. One thing was required at this time—a change of orientation from pro-Russian to pro-Ukrainian. Simply because the first, it has to be acknowledged, proved futile.

[Kulakovskaya] That is, you make no secret of the fact that our Supreme Council will now be reoriented toward Ukraine?

[Burdyugov] Undoubtedly. Not only do I make no secret of it, I believe that this is right. It should have been acknowledged long since.

[Kulakovskaya] What, in your view, are the program minimum and program maximum for the new leadership of the Supreme Council?

[Burdyugov] It is necessary today to assemble a constitutional majority, unite the Supreme Council, and begin work on the Constitution of Crimea. This is the program maximum and minimum, for whose accomplishment a decoration could be received.

[Kulakovskaya] You believe that the new leadership of the Supreme Council will merit it?

[Burdyugov] We will see.

Economic Issues

Official on Paramonova Rejection as Central Bank Head

LD2107110995 Moscow ITAR-TASS in English 1019 GMT 21 Jul 95

[By Leonid Raytsin]

[FBIS Transcribed Text] MOSCOW, July 21 (ITAR-TASS) — The State Duma at its July 19 plenary sitting voted down acting governor of the Central Bank of Russia Tatyana Paramonova as a candidate for governor of the bank.

Chairman of the Centre for Economic and Political Studies Ivan Anisimov said in an interview with Business-TASS that attitudes of many parliamentarians were underlied by Paramonova's determination to shut down outlets for profit-making through foreign currency speculation.

Anisimov said the last straw was the recent establishment by the Central Bank of a currency corridor for fluctuations of the rouble rate, making ineffective speculative deals in the currency market.

According to Anisimov, the Central Bank's moves over the past six months aimed to stabilise the rouble's rate against the dollar.

With much of Russian commerce resting on stock speculation, consolidation of the rouble began to erode super-profits, Anisimov continued.

This hit most of businesses that had been set up for profiteering from huge money supply by mincing it through the currency market.

For this reason, Anisimov said, the parliamentary banking lobby took every effort to pressure the State Duma into rejecting Paramonova.

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He described Paramonova as a highly efficient banker, who does not belong to any political party and who won't cave in under pressures to make incompetent decisions.

A press conference on corruption in State Duma quarters, which was held on July 20, fuelled reporter's guesswork about personal financial interests accounting for the showdown to Paramonova.

Valery Kolmakov, chairman of the State Duma panel for probing into corruption charges, told the conference that no charges had been formally filed with the panel so far.

Minister Discusses Situation in Metal Industry

WS2007131595 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 15 Jul 95 p 5

[Interview with Minister of Industry Valeriy Mazur by Heorhiy Chornomorskiy; place and date not given: "I Know Industry Through More Than Hearsay" — first paragraph is VSEUKRAINSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] The country will celebrate the Day of the Metallurgist tomorrow. As this remarkable date approaches, a correspondent of VSEUKRAINSKIYE VEDOMOSTI has met with Valeriy Mazur, Ukrainian minister of industry, doctor of technical sciences and professor, to ask him a number of questions.

[Chornomorskiy] Valeriy Mazur, your ministry's sphere of influence encompasses all enterprises of Ukraine's metallurgical industry. How would you evaluate their work? How are they in comparison with Russian enterprises?

[Mazur] Our neighbors are in a more privileged position. It is enough to mention that we pay twice as much for a cubic meter of natural gas than they do. Or take coal, for instance. It goes without saying, that its price depends a lot on transportation costs. The distance from Kuzbass to Ural, where Russia's largest metallurgical plants are located, is twice as close as that of Kemerov to the Dnieper river region [in central Ukraine]. Nevertheless, the industrial decline is no greater in Ukraine than in Russia. This means that we are not working very poorly.

[Chornomorskiy] But it could be even better, could it not?

[Mazur] Absolutely.

[Chornomorskiy] So what was the hindrance?

[Mazur] I do not want to mention objective reasons — but they definitely exist. A lot, however, depends on us. We tediously and endlessly blame problems with payments and the lack of working capital, as well as the inability to put an end to primitive barter operations. Meanwhile, we tend to forget our own sluggishness, ineptitude, and sometimes unwillingness to give up the priorities of an administrative command economy.

[Chornomorskiy] Have we managed to put an end to carelessness and larceny? Is everything being done so that individual enterprises and the sector as a whole will not lose any potential profits?

[Mazur] Unfortunately, we have nothing of which to boast in this case. Instances of small and large embezzlement are occurring with enviable consistency, and they have already become a phenomenon. As for lost profits, this is the result of our weak knowledge of markets. Instead, learning about demand and how to trade directly, we use middlemen services, paying them a considerable percentage. Large-scale enterprises could have opened their commercial offices a long time ago, but we have been dragging our feet for some reason.

[Chornomorskiy] What is the situation with the privatization of large-scale metallurgical enterprises? Are we displaying unjustified sluggishness here?

[Mazur] Any accelerated schemes are unacceptable given the complicated situation. One cannot forget that large-scale metallurgical enterprises are the basis for the state's economic strength and are the property of its people. I reiterate that everything here has to be carefully considered. In my opinion, privatization needs to be conducted in such a way that 30-50 percent of all shares will belong to the state. Moreover, in the future these enterprises need to be subordinated to the Ministry of Industry, which would monitor industry in the interest of the state, and hence, for the entire nation.

[Chornomorskiy] What do you think about creating financial- industrial groups? How greatly will they facilitate the rebirth of Ukrainian metallurgy?

[Mazur] Frankly speaking, I have difficulty understanding people who think that forming such groups is nothing more than an attempt to revive monopolism. On the contrary, such associations will facilitate healthy competition. The participation of financiers in industry will stimulate business activities, liquidate the shortage of working capital, and facilitate, finally, the transition from primitive barter operations to more modern forms of payments.

[Chornomorskiy] You are renowned in Europe as a scientist and specialist in plate and sheet metal mills. However, as a practitioner and administrator.... I apologize, but, in short, are you not afraid of the ministerial heights?

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[Mazur] Certainly, a ministerial post is not a sinecure. I know it will be difficult. But I was basically dealing with applied science. I conducted my scientific experiments like any other scientist. In the time leading up to the defense of my dissertation, I worked as a forge-rolling operator, drawer, engineer... in short, I know the industry through more than hearsay. In addition, do not forget, I was a deputy to the industry minister for two years. It is possible to learn a lot from Anatoliy Konstantinovich Holubchenko.

[Chornomorskiy] To wrap things up, a traditional question. Which enterprises would you like to single out on the eve of the holiday?

[Mazur] First of all, I want to mention steelworkers at the Ilyich Mariupol Plant, as well as the "Krivorzhstal" and "Azovstal" plants. Miners from the Poltavskyy ore mining and processing amalgamation, which is celebrating its 25th anniversary, is working wonderfully well. In particular, I would like to make special mention of the staff of the Dneprodzerzhinskyy metallurgical amalgamation. One cannot call it a leading.... Currently, it is experiencing hard times. Nevertheless, I am more than certain that the steelworkers will emerge from the crisis situation with honor, no matter how difficult it will be for them.

Kiev Moves To Improve Crimean Economic Situation

LD2007192895 Moscow INTERFAX in English 1556 GMT 20 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] The presidium of the Ukrainian government discusses measures to stabilize social and economic situation in Crimea at its session Thursday [20 July].

It also plans to discuss the results of the work of a special commission on the Crimean Tatars' riots in late June, informed sources at the government told INTERFAX.

The presidium will also discuss measures to carry out the memorandum on economic policy for 1995, which had been drafted together with IMF experts.

In addition, a document called "On the Concept of Development of Economic Relations Between Ukraine and CIS Countries" is also on the presidium's agenda.

IF Note: Crimean parliament approved the autonomous republic's 1995 budget Wednesday. The budget deficit is expected to total 9.3 trillion karbovantsi, or 35 percent. Revenues will reach 33.8 trillion karbovantsi, while expenditure will total 43.1 trillion karbovantsi.

The budget's real deficit is 51.2 percent (13 trillion karbovantsi, Crimean Finance Minister Vilord Apananskyy told INTERFAX. Revenues from privatization, which has not been allowed yet, have already been included in the budget, he said.

An INTERFAX correspondent in Simferopol reported at 17:00 Moscow time that Crimean parliament approved the privatization program for 1995 Thursday. Under the document, a total of 483 enterprises, including 70 large and medium ones, will be privatized by the end of the year. Most privatized enterprises are small ones.

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Belarus

Hryb Cited on Relations With Lukashenka, Russia

MM2007132995 Moscow SELSKAYA ZHIZN in Russian 20 Jul 95 p 3

[Report by Anatoliy Gulyayev: "Relations With Russia a Priority"]

[FBIS Translated Text] Belarus — This was stated at a press conference held for journalists from TRUD, SELSKAYA ZHIZN, and several local newspapers by Myacheslaw Hryb, speaker of the Belarusian parliament.

The discussion began with the declaration of the republic's sovereignty adopted five years ago. This document, Myacheslaw Hryb believes, has played its own positive role. We need to live in friendship with everyone, but we want to have our own state.

Whereas previously most countries simply did not know what Belarus was, today diplomatic relations have been established with more than 100 of them. Belarus has declared that it is striving for neutrality. And it immediately confirmed this by becoming the first state in history to abandon nuclear weapons.

Major changes have taken place in domestic life — primarily relating to the adoption of the new constitution and the establishment of presidential rule.

"I personally have always advocated strong authorities," the speaker noted. "Any state should be controllable. But on condition that all officials are subject to the law. A strong form of state rule is only justifiable in that situation."

Judging from what Mycheslaw Hryb said, there are major difficulties with obeying the law in Belarus.

"Parliament is currently being called illegitimate," he said. "The executive is striving to obtain the right to promulgate laws...."

The fact is that President Alyaksandr Lukashenka has of late indeed been frequently saying that the parliament is not legitimate. He has been using edicts to repeal laws or has been stating that he does not intend to carry some of them out.

In this situation we need to look for ways to unite the nation and find a way out of the crisis on the basis of the Constitution. So far no such ways have been found, the speaker said. But it is to the credit of a parliament which has been completing its activity that the situation has not deteriorated to the point of strong-arm confrontation.

"I have always advocated priority relations with Russia," Mycheslaw Hryb noted. "That they should be mutually advantageous is another matter."

There are problems in this area — for instance, in the recently concluded customs union agreement. Under the agreement Belarus is now forced to defend not only its own interests but also often those of Russian producers. This is not always advantageous.

Mycheslaw Hryb has no objection to the creation of a unified state. But this is only possible on a voluntary basis and with full equal rights. Not even any elaborations of this sort exist as yet. This means that a united state is something for the very distant future.

As for the currently popular idea of unifying the Slav peoples, it is virtually unrealistic today, in the opinion of the speaker of the Belarusian parliament.

Liberal Democrats Discuss Election With Zhirinovskiy

WS2107085295 Minsk Radio Minsk Network in Belarusian 0700 GMT 21 Jul 95

[FBIS Translated Text] Representatives of the Belarusian Liberal Democratic Party, headed by party leader Vasil Kryvenka, have returned from Moscow. During their meetings held while on a two-day visit with Russian Liberal Democrats and Vladimir Zhirinovskiy in particular, issues related to cooperation between the parties on the eve of elections in Russia and Belarus were discussed.

Lukasheka Edict on Social Partnership, Stability

WS2107105595 Minsk BELAPAN in English 0630 GMT 21 Jul 95

[FBIS Transcribed Text] President Alyaksandr Lukashenka has signed a decree entitled "On the Development of Social Partnership in the Republic of Belarus" which was initiated by the Federation of Trade Unions of Belarus (FTUB). According to the decree, the development of the social partnership system is declared one of the most important state tasks favouring the preservation of stability in society. In the document it is also pointed out that in order to create common conditions of labour payment and social guarantees for the workers of similar professions, enterprises and industries it is expedient to conclude a single agreement between social partners on all levels - republican, industrial and local. These social partners are state government organs, trade unions and associations of employers. In addition, the decree envisages the establishment of a National Council for Labour and Social Affairs, which will consist of representatives of the three parties. Analogous commissions will be formed at the level of industries and provinces. The main tasks of the National Council will be the discussion of problems concerning the labour

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and socio-economic rights of working people, search for compromise, the non- admission of confrontation between social partners.

News Conference Held on Anti-Crime Campaign

WS2007082895 Minsk Radio Minsk Network in Belarusian 0300 GMT 20 Jul 95

[FBIS Translated Text] The news conference held by ranking officials from the Belarusian Interior Ministry in Minsk yesterday was devoted to the results of work conducted by Belarusian Interior Ministry institutions over the past six months. Statistics show that crime is on the rise in the country. The law-enforcement agencies, however, have obviously adapted themselves to the complex crime situation and have recently considerably intensified their activity. This particularly applies to the Interior Ministry Administration for Combating Organized and Economic Crime. Judging by facts, the anti-mob combat has spread on a large scale throughout the Republic. Over the past six months, Belarusian law-enforcement agents have uncovered nearly 800 crimes committed by Belarusian mob thugs and solved 15 premeditated murders, three of which were contract ones. As for economic crimes, their number rose by 19 percent, compared with last year.

Moldova

Leaders Receive Austrian Foreign Ministry Official

AU2107143495 Chisinau INFOTAG in English 1930 GMT 20 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 28/7/1995 — On Thursday [20 July] the president of Moldova had a meeting with the general secretary of the Ministry of Foreign Affairs of Austria, Wolfgang Schalenberg, who was in Moldova with an official visit.

According to the Press Service of the President, Mircea Snegur spoke for the signing of a bilateral agreement on friendship and cooperation, on mutual protection and promotion of investments, which encourage economic collaboration between these two states. In this connection he expressed Moldova's interest in the new technologies for the processing of agricultural production.

In his turn, Wolfgang Schalenberg admitted that Moldova reached notable progress in democratic and economic reforms. He underscored that political stability in the region was gained as a result of peaceful political activities.

At the meeting with the foreign guest the chairman of the Parliament, Petru Lucinschi, said that the Parliament will continue to promote economic reform and democracy. He said that Moldovan membership in the European Council confirms its respect for democracy and international rights.

Lucinschi said that withdrawal of 11 members of Parliament from the majority faction changed the atmosphere in the Parliament but didn't hamper its work. The Parliament has potential to steer reforms.

He spoke for the strengthening of Moldovan-Austrian links and backed his opinion by concrete proposals. Mr. Schalenberg supported the speaker.

The general secretary of the Austrian Ministry of Foreign Affairs, Wolfgang Schalenberg, expressed satisfaction with the results of his visit to Moldova. At the press conference he told that his meetings with Moldovan leaders covered Moldovan-Austrian cooperation.

Schalenberg noted growing trade and economic links between Moldova and Austria. Last year Moldovan-Austrian trade amounted to $3 million, in 1995 this level was reached even in the first 6 months.

Schalenberg mentioned the need for an adequate legal basis for cooperation. At this moment an economic agreement and an agreement on mutual promotion and protection of investment are being worked out.

At the meeting with the foreign guest the Prime Minister Andrei Sangheli said that Moldova endeavours to attract foreign investment and modernize its industries. The prime minister spoke for the creation of joint ventures with Austria and said that 4 Moldovan-Austrian ventures have already been registered.

Mr. Sangheli informed the guest on the issue of economic and agrarian reforms noting that Moldova has achieved better results than other CIS states.

On the same day Wolfgang Schelenberg met the minister of foreign affairs, Mihai Popov, who informed him on the point of Moldovan foreign policy concept and its priorities. The minister stressed Moldova's willingness to grow into a modern democratic power and a reliable partner.

Turkey Reneges on Loan Promise to Gagauzia

AU2007140395 Chisinau INFOTAG in English 1930 GMT 19 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 19/7/1995 — Turkey's promise to credit Moldova with $30 million is invalid — said Moldovan experts involved in the credit project. The promise was given by the Turkish president in June 1994 during his visit to Moldova. The money was meant for agricultural development and irrigation of southern regions. The credit was

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conditioned by successful solution of Gagauz problem in Moldova. The source in the Government of Moldova communicated to INFOTAG that the credit issue was a political stimulus urging Moldova and Gagauz leaders to settle their problem.

"The promise worked and the Parliament passed and enacted the Law on the special status of Gagauz region. But the terms of credit haven't been discussed yet and there is no indication they will ever be."

Gagauz administration hasn't forgotten the promise either and pointed out its first year anniversary. "We need this money as [we need] air but will hardly get it. Turkey looked with favour on the former Gagauz leaders. Once they lost in the elections Turkey may change its mind," said the new leader of Gagauz administration.

Snegur Praises Stabilizing Effect of Gagauz Settlement

AU2107143795 Chisinau INFOTAG in English 1930 GMT 20 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 28/7/1995 — The President of Moldova Mircea Snegur stated that "settlement of the Gagauz issue caused overall stabilization in the region and encouraged its further development."

In course of his visit to the Gagauz region the president met with the local government, industrial management and common people. He noticed that Gagauz region shares some problems with the rest of Moldova and has its specific difficulties. Among the common problems are salaries and benefits payable. On the other hand he found the economic situation here to be harder than anywhere in the country, some enterprises being completely out of operation and others in financial pinch.

The president approved of the new commission, headed by the minister of agriculture and foodstuffs, which task is to drive this region out of the economic crisis.

The president was glad to notice that the Gagauz population engages itself in economic activities rather than political battles. Mircea Snegur stressed that the status of autonomy lays certain responsibilities upon the Gagauz Government. In particular, it means creation and maintenance of its independent budget.

In this connection the head of the local government confirmed the autonomy's willingness to support itself. He assured his people that the existing administrative division won't change and the autonomy will retain its 3 new regions. 12-13 Gagauz administrative departments will be set up on the basis of the former Comrat administration.

[illegible] Army Weapons Destroyed, Staff Reshuffled

LD2007200695 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 20 Jul 95

[From the "Vremya" newscast]

[FBIS Translated Text] The 14th Army's weapons are being destroyed under strict control in order to prevent their sale with unavoidable consequences. It was reported today that explosions are being heard at a different site, at a different range, 25 km from the town of Rybnitsiy. The new site was chosen so that the explosions would practically be unheard on the territory of neighboring Ukraine. The headquarters of the Russian troops in Dniester region is anxious over the necessity to deny rumors. They deny a political purge among officers.

[Correspondent Yuriy Selivanov] Major General Valeriy Yevnevich, the commander of the operative group of the Russian troops in Dniester region told us that organizational measures connected with the reshuffle of the leadership of the former 14th Army have been completed. A number of staff jobs were cut as they were no longer needed. The post of the army's artillery head was cut because he had no artillery under his subordinations. All officers who were made redundant either received a similar job in Russia or are retiring at their own wish and staying in Tiraspol. As far as the statement that Dniester region is allegedly on the verge of a fresh armed conflict, Gen. Yevnevich said:

[Begin Yevnevich recording, identified by caption] The situation is calm in Dniester region. Those who come here on a visit say it is a resort here. This is indeed true. We do not have armed people in Tiraspol. They used to be here, but now you cannot see them. People are having a quiet life, dealing with their personal problems and those that affect us all — economic and political but not at all military problems. [end recording]

Peacekeeping Mission in Dniester Proves 'Efficient'

AU2107140995 Chisinau INFOTAG in English 1930 GMT 20 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 28/7/1995 — July 21 will mark the third anniversary of the Agreement on "Peaceful Resolution of Armed Conflict in Dniester" signed by Russia and Moldova.

The joint statement of Control Commission signed by Moldova, Dniester and Russia reads: "Peace keeping

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mission proved to be an efficient tool against armed resistance. Joint efforts of waging sides seemed improbable at the beginning, but in course of time they became possible and necessary. The Russian guards played an important consolidating role. The guard posts spread peace in the region, commanding trust to the people on both sides of the Dniester," reads the statement.

Regarding the actual results of the mission the statement yields the following figures: 11.5 thousand discovered and eliminated shells, 67.6 thousand pieces of ammunition exempted, dozens of automatic guns, rifles, pistols and mines confiscated. Inquiry committees succeeded in keeping public order and tracing the missing.

According to the authors the peace keeping mission made possible the dialogue between Chisinau and Tiraspol. With the mediation of OSCE and a representative of the Russian president, Moldova and Dniester signed an Agreement on Peace and Safety Guarantees. The sides took mutual obligations to solve arguments peacefully.

At the same time the commission exposed the problems of the joint peace keeping forces — the lack of funds, loose control mechanism of the joint forces, disobedience to peace keepers on the side of local citizens.

"Yet peace was brought about in the region. The situation is under control and it inspires hope for the better future," reads the statement of the commission.

Maracuta Seeks Court Protection Against Attacks

AU2007140295 Chisinau INFOTAG in English 1930 GMT 19 Jul 95

[FBIS Transcribed Text] Chisinau INFOTAG, 19/7/1995 — The chairman of Dniester Parliament, Grigore Maracuta, intends to appeal to the court for protection against attacks on the side of the Radical Bloc of Patriotic Powers.

Following the successful elections to the Tiraspol City Council, the Bloc of Patriotic Powers headed by the renowned ideologist Vasiliy Yakovlev, backlashed Muracuta as the one responsible for all Dniester problems. Criticism in his address intensified as a result of his participation in "Reliance" fund jointly set up by Chisinau and Tiraspolian politicians and political progress achieved in relations between these two sides.

The Radical Patriotic Bloc claimed in its last statement that "systematic destruction of regional economy by the Parliament led to mass impoverishment." The authors of this document accused the parliament of forsaking Constitution and undermining Dniester statehood.

These claims puzzled Maracuta who said that "economic crisis is caused by objective reasons. The concept of regional economic development was submitted for Parliament's consideration in autumn 1994 and approved by the all committees including the Legal Committee, headed by Yakovlev."

The chairman of Tiraspol Parliament is ready to seek protection with the court if the attacks of radical powers continue.

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Kazakhstan

Agreement on Status of Russian Troops Ratified

MM2007122695 Moscow KRASNAYA ZVEZDA in Russian 20 Jul 95 p 1

[ITAR-TASS report: "Russian Troops Stationed in Kazakhstan Legally"]

[FBIS Translated Text] Almaty — [Kazakhstan's President] Nursultan Nazarbayev published an edict 19 July ratifying the agreement with Russia on the status of Russian troop formations temporarily stationed on Kazakhstani territory. This edict is an important step toward the practical implementation of the accords reached early this year by the Russian and Kazakhstani presidents in Moscow.

It must be said that the Kazakhstani side has already ratified virtually all the acts that have been sealed by the illustrious signatures. So far the Russian side has not ratified any of the January documents.

Trade Talks Held With Indonesian Delegation

LD2007162695 Almaty Kazakh Television First Program Network 1100 GMT 20 Jul 95

[FBIS Translated Excerpt] Within the framework of an official visit to the Republic of Kazakhstan by a delegation from the Republic of Indonesia, a business forum took place on the development of trade and economic relations between the two countries at Friendship House in Almaty today. [passage omitted]

Later on in the day the Indonesian delegation led by Trade Minister Satrio Budiarjo Yudono met Kazakh Deputy Prime Minister Akhmetzhan Yesimov.

During the conversation the sides expressed satisfaction with the dynamism of the developing relationship between Kazakhstan and Indonesia.

In line with the agreements reached at a top level between Presidents Suharto and Nazarbayev a month ago, Yudono stressed: We are ready to cooperate actively with your business circles; we also would like to import copper and cotton, deliver high-quality and inexpensive goods, and establish a network of Indonesian shops.

In turn, Deputy Prime Minister Yesimov assured Yudono that Kazakhstan sees Indonesia as a promising and reliable partner.

By a resolution of the republic's Cabinet of Ministers an intergovernmental commission on developing economic relations between the two countries was set up. It will be headed by the republic's Oil and Gas Minister Nurlan Balghymbayev.

Deputy Oil Minister on New Oil Legislation

LD2007203795 Moscow INTERFAX in English 1821 GMT 20 Jul 95

[FBIS Transcribed Text] ALMATY, July 20 (INTERFAX) — The presidential decree on the oil industry published in Kazakhstan on July 20 grants foreign and local contractors equal rights in developing the country's oil fields, Uzakbai Karabalin [name as received], deputy oil and gas industry minister, told INTERFAX's Petroleum Information Agency.

He said that the decree introduces a licensing and contractual system of prospecting for and extracting oil, the license being the primary document.

According to Karabalin, a total of about $35 billion have been committed to the Kazakh oil and gas industry under agreements signed thus far. The country needs $20 to $30 billion more but could not attract this amount because there was no proper legal framework.

Kazakhstan was second only to Russia in the former USSR as far as oil production is concerned. It produced just over 20 million tonnes of crude last year. By the year 2010 it plans to produce 70 million tonnes of crude a year.

Tajikistan

Importance of Rakhmanov's First Trip to Iran Noted

LD2007203695 Moscow INTERFAX in English 1821 GMT 20 Jul 95

[FBIS Transcribed Text] DUSHANBE, July 20 (INTERFAX) — Tajik President Emomali Rakhmanov's first official visit to Iran on July 16-19 has become an important political event both for Tajikistan and for the whole of Asia, think Tajik leaders.

During the visit Tajik and Iranian leaders agreed to open direct flights between Dushanbe and Tehran, an Embassy of Tajikistan was opened in Tehran and 12 trade and economic agreements were signed, Rakhmanov's spokesman Davlatali Davlatov told a news conference in Dushanbe Thursday [20 July].

Davlatov said that a meeting in Tehran between Rakhmanov and Tajik opposition leader Sayed Abdullo Nuri, head of the Movement for Islamic Rebirth of Tajikistan, on the initiative of Iranian President 'Ali Akbar Hashemi-Rafsanjani was very important for the peaceful settlement of the conflict in Tajikistan. At the meeting, which was held behind closed doors, they discussed, in particular, the return of opposition supporters to Tajikistan.

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Democratic Party Registered With Justice Ministry

LD2107090395 Moscow ITAR-TASS in English 0835 GMT 21 Jul 95

[FBIS Transcribed Text] DUSHANBE, July 21 (ITAR-TASS) — The Democratic Party of Tajiksitan was once again registered with the Justice Ministry of the Republic on July 20.

Activities of the party and other radical opposition social and political movements were banned under a decision of the Supreme court of Tajikistan in the spring of 1993. They were charged with violations of their own charters and programmes and chosing a path of armed confrontation and making attempts to by force overthrow the constitutional government, which had led to a civil war in 1992. Keeping in view that the new charter of the Democratic Party does not run counter to the country's present constitution and principles of peaceful creation, a decision was taken to reregister the party.

According to the charter, the main aim of the party leadership is to build a legal state in Tajiksitan, in which rights of all citizens will be guaranteed irrespective of their nationality and religion.

The appearance of the Democratic Party on the country's political scene is yet another example of the Republic's present leadership's strict adherence to its policy, which is aimed at an early establishment of peace and national harmony in Tajiksitan, Democratic Party representative Azam Afzali said after the party's registration in the Justice Ministry.

Turkmenistan

Foreign Minister on Forthcoming Trip to U.S.

LD2007144395 Moscow INTERFAX in English 1213 GMT 20 Jul 95

[FBIS Transcribed Text] ASHGABAT, July 20 (INTERFAX) — Turkmen Foreign Minister Boris Shikhmuradov will visit the United States July 22-30 where he will "have several high-level meetings". He told INTERFAX that he intends to meet in Washington with leaders of the agency for combating drug smuggling, as well as with "some influential Congressmen and Senators".

Niyazov, Rakhmanov Satisfied With Turkmen-Tajik Relations

LD2007182095 Moscow INTERFAX in English 1556 GMT 20 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] The presidents of Turkmenistan and Tajikistan — Saparmurad Niyazov and Emomali Rakhmanov — have highly assessed the role played by Russia in the efforts to gain a settlement in Tajikistan. This is announced in a message sent by the heads of the two Central Asian states to President Boris Yeltsin of Russia.

On Wednesday Rakhmanov conferred with Niyazov in Ashgabat, where he stopped on his way from Tehran to Dushanbe. The two presidents discussed the situation on the Tajik-Afghan border, the feasible ways to improve it, and the possibility of conducting the fifth round of inter-Tajik talks in Ashgabat.

The two leaders said they are satisfied with the present level of relations between their countries, and confirmed that equality, neighborliness and mutual respect are the fundamental principles of bilateral relations. Niyazov and Rakhmanov proclaimed their willingness to continue to do all they can to further the development of close and comprehensive cooperation between Turkmenistan and Tajikistan.

The communion of roots and historic destinies, as well as the traditional inclination toward friendship between all the local nationalities dictate the need to create conditions for maintaining peace, accord and cooperation between independent nations inhabiting the region on the basis of sovereignty, equality and respect for each other's interests.

President Niyazov and President Rakhmanov pointed to the constructive role played by Russia, Iran and some other countries and international organizations in the process of inter-Tajik settlement.

During the meeting Rakhmanov highly assessed the policy of neutrality pursued by the leadership of Turkmenistan. Such policy, he stressed, is "an important stabilizing factor in the region, conducive to creating a climate of trust, predictability and mutual understanding there.

As INTERFAX learned from Kamil Kalandarov, First Secretary of Turkmenistan's Embassy in Moscow, Rakhmanov also requested Niyazov to use his prestige among the leaders of Afghanistan to establish peace and tranquility on the Afghan-Tajik border.

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Having reviewed the present trends in the development of the Commonwealth of Independent States, the presidents of Turkmenistan and Tajikistan called for using different forms of participation in it on the part of each country, and for promoting equitable and mutually beneficial cooperation in the framework of the CIS.

With reference to regional economic cooperation Niyazov and Rakhmanov noted that their countries' membership in the Economic Cooperation Organization creates real conditions for intensifying and expanding bilateral and multilateral trade and economic ties, and opens prospects for joining international markets.

The two presidents also decided to form a joint commission designed to draft a trilateral agreement between Turkmenistan, Tajikistan and Iran to develop trade and economic cooperation, including oil and gas supplies to Tajikistan.

Presidents Niyazov and Rakhmanov decided to hold an official summit in the near future. The exact date and place of the summit will be agreed upon through diplomatic channels.

Tajikistan Wants Turkmen-Refined Iranian Oil

LD2007193795 Ashgabat TURKMEN PRESS in Russian 1500 GMT 20 Jul 95

[FBIS Translated Excerpt] The fraternal confidence and mutual understanding between two friendly states, Turkmenistan and Tajikistan, created an atmosphere that made it possible to discuss and decide numerous aspects of cooperation between our states in the hour that the intergovernment talks lasted. As Tukhtaboy Gafarov, the Tajik economy and foreign economic relations minister, said in an exclusive interview for TURKMEN PRESS, this was the first meeting at such a level for three years, and it is gratifying that a common view of how to resolve the absolute majority of problems was found at it.

The main topic at the intergovernment talks was trade and economic relations. In the 10 days that follow the summit, joint departmental commissions will draft and coordinate versions of an interstate agreement. This document will be submitted for signing in autumn. The economic relations between Turkmenistan and Tajikistan, which up until now have not been formalized, will thus be given a legislative foundation. [passage omitted]

Gafarov expressed deep gratitude to the Turkmen people and their leader Saparmurad Turkmenbashy, who, according to the minister, are finding opportunities to support the friendly Tajik people in a critical situation, despite their own difficulties. At Tajikistan's request, Turkmenistan has continued supplying fuel and lubricants effectively as a loan throughout this period. The total debt has reached $16.5 million. Incidentally, the minister noted that mutual accounts are to start being regulated through corresponding accounts at the national banks.

"When we were in Tehran we began working on the question of supplying the Chardzhou oil refinery with Iranian oil," Gafarov said, on the subject of trilateral cooperation. "Turkmenistan will thus obtain materials for its plant on a give-and-take basis, and some of the oil products from it will be sent to Tajikistan.

"In future Tajikistan intends to purchase Turkmen natural gas. At present we are receiving Uzbek gas in volumes of about 1.5 billion cubic meters. Demand for this kind of fuel will increase as the country's industry and economy revive. That is why both sides are prepared to look at the possibility of supplying Turkmen gas to Tajikistan." [passage omitted]

Uzbekistan

Further on Alleged Assassination Attempt on Karimov

Security Head: Rumors 'Exaggerated'

LD2007134295 Moscow INTERFAX in English 1213 GMT 20 Jul 95

[FBIS Transcribed Text] Tashkent, July 20 (INTERFAX) — Head of the Uzbek National Security Service's center for public relations Nataliya Kochubey denied rumors, spreading in Tashkent, about an assassination attempt on the life of Uzbek President Islam Karimov.

She told INTERFAX in an interview today that "these rumors are much exaggerated."

Kochubey said that in the late hours of Monday [17 July] when the president was going back to his residency from work, an unidentified object hit the windshield of his car and left a notch in the bullet-proof material. Experts are now trying to determine what the object was exactly. "However, it could have been a stone shooting out from under the wheels of a car going ahead of the president's car," Kochubey said.

"There are no grounds for speaking about an assassination attempt on the life of Islam Karimov," she added.

Experts Dismiss 'Premeditated Action'

LD2107062795 Moscow ITAR-TASS in English 0614 GMT 21 Jul 95

[By Vilor Niyazmatov]

[FBIS Transcribed Text] Tashkent, July 21 (ITAR-TASS) — Media reports alleging that an attempt was

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made on the life of President of Uzbekistan Islam Karimov are no more than idle rumours, according to Islam Karimov's advisor on affairs of state, security and defence Bakhtiyar Gulyamov.

Last Monday, the head of state was returning to his country residence from work when two indentures suddenly appeared on the left-hand side of the presidential automobile windshield. The windshield must have been hit by unidentified things at 21.10, when the car was halfway home. r The President's administration instructed experts to investigate the source of damage. Uzbekistan's Foreign minister Abdulaziz Kamilov informed the heads of diplomatic missions accredited in the republic about the incident during his regular meeting with foreign diplomats. His purpose was to prevent the news from gathering undesirable comment.

Meanwhile, the experts, who studied all evidence, declared that there was no ground whatever to suspect any premeditated action on anybody's part, still less any attempt on the President's life.

The experts concluded that the damage to the windshield had been caused by a metal staple propelled by the wheels of a traffic inspector's car driving ahead of the President's limousine. The windshield glass was not shattered.

Abdulaziz Kamilov said that was all there was to the incident.

Mining Cooperation Discussed With Indian Delegation

LD2007155195 Tashkent NARODNOYE SLOVO in Russian 20 Jul 95 p 1

[FBIS Translated Text] On 19 July Yuriy Paygin, deputy prime minister of Uzbekistan, met with members of a visiting delegation led by Balram Singh Yadav, Indian minister of state for mines.

The guests were familiarized with the course of the reforms being carried out in the republic, in particular with the changes in the mining industry. It was stressed that our country's leadership pays great attention to the development of the mining industry, equally with other spheres of the national economy. Having noted that considerable experience has been accumulated in this industry in India, Balram Yadav emphasized that setting up joint ventures and cooperation — primarily in the area of training personnel and advanced training for specialists — would be promising and mutually beneficial.

On the same day the members of the Indian delegation met Otkir Sultonov, deputy prime minister and minister of foreign economic relations.

Official Describes Fight Against Drugs

LD2007152895 Tashkent PRAVDA VOSTOKA in Russian 19 Jul 95 p 2

[FBIS Translated Excerpt] Accounts of operations testify that the situation relating to criminal penetration into the territory of Uzbekistan and attempts illegally to transit via the republic drugs intended for sale in countries of the near and far abroad has noticeably deteriorated. Officials from law-enforcement organizations every day detain "couriers" of the black trade on trains, on roads, at airports, and on footpaths.

They seize and destroy the poisonous goods and institute criminal proceedings against the guilty parties in accordance with the valid law, but drugs, like the tentacles of an octopus, keep slithering into our home. The regions neighboring Tajikistan and Afghanistan, from where the lion's share of the criminal poison forces its way to us, have today become especially dangerous in this respect, as is testified by the same accounts of operations. According to statistics from the law-enforcement organizations, every third person detained for illegally transporting drugs is a citizen of Tajikistan. To be more precise, 36 percent of those certified to have violated our current legislation are from this neighboring country. A correspondent of the National Information Agency of Uzbekistan asked Militia Colonel Ergash Urinboyev, head of the antidrugs department of the Ministry of Internal Affairs, to comment on the summary of operations that have been carried out, and on the measures for and possibilities of fighting the evil of drugs.

[Correspondent] Over recent years I have heard many troubled forecasts and fears that the international narcotics mafia is trying to make the utmost use of the young independent states to organize new channels for its criminal trade. Well, is this the case?

[Urinboyev] Put it like this: it has been proved that the concern and fears are not groundless. We are trying to stop the criminal progress of businessmen from both this country and abroad. Uzbekistan has not yet become anyone's channel for the illegal spreading of drugs and we are sure that it won't. We are certain of this because of the policy being carried out by our country, the constant attention and profound understanding of the problem, and the support in this issue given by the leadership of the republic, above all by our President Islam Karimov.

Uzbekistan, which has become a member of the United Nations, fully shares the profound anxiety of the world community at the increase in drug addiction and the danger the illegal drug trade represents for humanity. [passage omitted]

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[Correspondent] Nevertheless, judging by the situation you are not in danger of having a quiet life, in many respects owing to the "care" of the neighbors.

[Urinboyev] It is completely impossible to think about having a quiet life in our business, what is more, taking into account the general, that is, the global criminal processes and trends. You know, we do not live in isolation; Uzbekistan is an open country with permeable, more often merely symbolic borders. Naturally, criminal bosses, drugs businessmen of every hue try to use our territory as a staging post for the transit of goods to the CIS countries, Europe, and the American continent.

In 1993 our law-enforcement services detained and instituted proceedings against 90 citizens of other states for illegal drugs transportation, while already last year the number of such detained "couriers" more than trebled. This growth trend remains even today; we detain men transporting drugs practically every day. The three main routes via which the poison of drugs penetrates into our country have been revealed: Afghanistan-Tajikistan-Uzbekistan; Tajikistan-Kyrgyzstan-Fergana Valley of Uzbekistan; Tajikistan-Uzbekistan direct route. The overwhelming majority of drugs being transported via our country were seized on these routes.

As you can see, Tajikistan appears everywhere — either as initial or as main transit route.

According to the data available, laboratories processing plant raw materials into opium and the even more dangerous drug of heroin operate intensively on territories contiguous to our country. It is not by chance that this drug, which was not found in our summaries previously, is now appearing more and more often there. Over the past year our law-enforcement organizations discovered and seized 200 kg opium and 1 kg of heroin from the illegal trade — twice as much as the previous year, by the way. Today, over only the first half of the year, 252 kg of opium and 2.5 kg of heroin were seized.

In the course of the "Black Poppy" operation, which is carried out regularly in our republic, 443 hectares illegally sown with crops containing drugs were discovered and destroyed here last year. Owing to timely operative and preventive measures and the work mentioned above, we managed to ease the acuteness of the problem in Uzbekistan to a considerable extent and halt the development of the raw material base for the drugs business. Since the beginning of this year, 27 hectares illegally sown with drugs were discovered and destroyed throughout the republic in all.

But then in the neighboring areas, in the border zones of the adjoining countries, poisonous narcotics plantations are flourishing and spreading. Officials from the department for fighting drugs, who carried out a controlled helicopter survey of the territory of Urgut district and Samarkand region in early July, saw them with their own eyes. They discovered these sown areas not here, but in the mountainous zone of the bordering Pendzhikent district of Tajikistan. [passage omitted]

Nevertheless, we are seeking ways for more effective joint work. This was the issue at the recent meeting held by officials from our law-enforcement organizations in Tajikistan's Pendzhikent district. We are preparing to take part in the meeting this month of representatives of the interior organizations of the Central Asian republics, in the Kyrgyz town of Osh, where we will submit a number of concrete proposals for strengthening the joint fight against drug addiction and the drug trade.

However, we still have to rely more on our own strength. The state traffic patrol posts located near the border and customs services have been reinforced and other measures aimed at suppressing attempts to bring in drugs to our country, or transit them through, have been toughened up. I think we will be able to put up a reliable barrier against the spread of this social ill, to fulfill the international obligations undertaken, and — the main thing — to protect the people of our beautiful country from the dark evil of drugs, with the support of the public's leadership and cooperation with other law-enforcement structures and the public.

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Armenia

Yerevan To Raise $500,000 for Turkmen Gas Imports

LD2007175995 Moscow INTERFAX in English 1556 GMT 20 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Prime Minister Grant Bagratyan has ordered that extra funds be urgently raised to clear the gas bill to Turkmenistan which, Yerevan says, runs at about $500,000, government sources told Interfax.

Ashgabat has reduced gas supply to Armenia from a daily 5 million cubic meters to 3.5 million cubic meters until the debt is cleared, one cabinet minister said.

IF Note: Electricity supply to Yerevan and other places is now available for one hour a day instead of two as before.

Supreme Council Ends Term of Office

NC2007161795 Yerevan NOYAN TAPAN in English 1447 GMT 20 Jul 95

[FBIS Transcribed Text] 20/07/95 NOYAN TAPAN — On July 20 Armenian Supreme Council completed its term of operation. The first session Armenia's Supreme Council started five years ago — on July 20, 1990.

According to Supreme Council's information service, on July 20 all deputies of the former Parliament, who had offices in the building of the Parliament, must leave them. These rooms, including offices of Parliament administration will be sealed until elections and new appointments, which are to be conducted by the newly-elected National Assembly of Armenia.

Opposition Party Proposes Candidate for Presidency

LD2007144895 Moscow INTERFAX in English 1213 GMT 20 Jul 95

[FBIS Transcribed Text] YEREVAN, July 20 (INTERFAX) — The Union of National Self-Determination opposition party has proposed Paruir Airikyan as its candidate for the Armenian presidency, the party's emergency congress decided in Yerevan Wednesday evening [19 July].

The presidential elections are planned to take place on August-September 1996.

Airikyan, a deputy of the Armenian present Supreme Soviet who was elected to the National Assembly (the new parliament), told INTERFAX today that the new president must amend the constitution adopted through a referendum on July 5 and obtain the adoption of a new constitution.

He said he also deemed it necessary to dismiss the new parliament "which was elected illegally" and appoint new parliamentary elections in the country.

Airikyan said the new president must also renew the activity of the Dashnaktsutyun party (suspended for six months in January 1995). He said he believed that at least several hundred criminal cases should be instigated against the Armenian present authorities.

Airikyan said other opposition parties had not yet proposed that the opposition have a single candidate for the presidential elections. He added that such a proposal might be put forward. Airikyan ran for the first presidential elections in Armenia in 1991. He followed Levon Ter-Petrosyan, who was elected as the Armenian president, in terms of the canvassed votes.

Opposition Questions Election Legitimacy

954F2816A Yerevan VREMYA in Russian 8 Jul 95 pp 1-2

[Article by Artem Yerkanyan: "He Said and He Did"]

[FBIS Translated Text] Yesterday evening the Central Electoral Commission declared the referendum on the question of the adoption of the Constitution as having been validly held and the question itself as having been decided positively. After summarizing the data coming in from 150 districts of the republic, a majority of the members of the Central Electoral Commission came to the conclusion that the basic law was adopted. The leaders of the opposition parties, their representatives in the electoral commission, and their supporters consider this conclusion absolutely unjustified.

In Yerevan the draft constitution was actually rejected, with which even Gadik Dzhangiryan, deputy chairman of the Central Electoral Commission, is prepared to agree—he informed the journalists about the progress of the work of the commission and the new data coming in three times yesterday. The leaders of the ONS-Kh [National Self-Determination Association—Christian Democrats] and the NDS [National Democratic Union] shared their own information with the mass media, from which it followed that the constitution "did not pass" not only in the capital but even on the periphery, where the results of the referendum were juggled. Local observers notified the press about local violations of the law. International observers, who were satisfied only to the extent that they called the elections

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"free, but unfair," preferred to say nothing until the publication of the official results of the referendum.

The Central Electoral Commission promised to begin the procedure of summing up the results of the parliamentary elections only in the morning. The unofficial pieces of information that filtered through were rather contradictory. The only thing that can be safely claimed is that six parties and associations overcame the 5 percent barrier of proportional elections: Republic, KPA [Communist Party of Armenia], NDS, ONS-Kh, PRAA [Liberal Democratic Party of Armenia], and Shamiram. It can also be assumed that Republic, which received approximately one-fourth of the votes of voters, is counting on not less than 20 seats in parliament out of the 40 that are set aside for deputies who went through the proportional system. The second place on the list is contended by the Communists and the ladies from Shamiram, who had a surprising, unexpectedly high showing.

Probably not without justification the National Democrats, who overtook the Ramkavars and the Christian Democrats, are claiming third place.

As was to be expected, the Scientific-Industrial and Civil Union was not permitted to get close to the 5 percent barrier. After a series of rejections in the registration of representatives of the NPGS [Scientific-Industrial and Civil Union] in the districts, it would be surprising if they were permitted to get through according to party lists. The Democrats with the Agrarians did not collect enough votes.

On the whole the forecasts of analysts regarding the outcome of the proportional elections are coming true, if, of course, you do not count the phenomenon of Shamir, for which the "prophets" promised no higher than fourth place. The gentle ladies from the new organization not only damaged the reputation of the forecasters, but whether they wanted it or not, they "corrected" the choice made by the people. The fact is that owing to the peculiar makeup of the ballot, Shamir, which was at the very end of the list, went unnoticed by many people. As a result, thousands of ballots actually became invalid, since two parties remained not crossed off rather than one, as the law requires. It is perfectly obvious that such a ballot, given the existence of a great desire and given the absence of control, can simply be transformed from an invalid ballot to one that is most valid. To do so it is enough to cross out the same party to which the voter gave preference. It is quite possible that the Shamirams owe their high rating not in the least to exactly this trick.

In circles close to the opposition there is a very popular version according to which a similar situation did not come about accidentally. As is known, the parties appear on the ballot in alphabetical order. It can be supposed that the selection of the name of the women's organization was made taking into account the fact that in the Armenian alphabet, its first letter follows the letter with which the name of the pro-government bloc formed around the AOD [Armenian Pannational Movement] starts. By virtue of the numerous parties that are in it, the bloc occupies a much greater place on the ballot than all of the rest. Following after the "extensive" Republic column, the limited Shamir column is not taken in visually. A method like those that have been practiced more than once in some countries.

Elections according to the majority system brought about a convincing victory for Republic. Despite the presence of almost a hundred statements of serious violations in the districts, it is perfectly obvious that the candidates supported by the alliance already possessed an absolute majority of the seats. Of the leaders of the opposition, only Vazgen Manukyan and Arshak Sadoyan won in the first round. Individual members of the opposition succeeded in getting into the second round: Shavarsh Kocharyan, Seyran Avakyan, Aram Sarkisyan, Ruben Akopyan, Seyran Bagdasaryan....

If it is allowed that the rumors about Republic getting 100 seats have any foundation, the ruling party is guaranteed two-thirds of the seats in parliament. Considering realities, it is possible to assume that this figure is somewhat high. But even if it is "trimmed" by a full one-fourth and then the seats are added to it that were gained by the pro-presidential alliance together with Shamir in the elections according to the proportional system, a number is reached that is sufficiently close for a qualified majority (127). Thus, allowing for the cooperation of a dozen other nonparty deputies who are leaning toward the government, the ruling party guarantees itself absolute power in the legislative organ. Realizing this, some figures in the radical opposition have seriously pondered the feasibility of participating in such a parliament. Voices calling for a boycott by means of a rejection of mandates not yet received have become louder. It is very difficult to believe in the effectiveness of such measures. Especially taking into account that there is nothing to prevent the authorities from calling the parliament that is being boycotted a multiparty parliament. The Ramkavars, the Communists, Shamir, plus the six parties of the Republic bloc....

One thing is absolutely true: The people are wise enough not to meddle in the conflict between the authorities and the opposition, if they decide that the only way to resolve the antagonistic contradictions lies through the "path of war."

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Baburyan Notes Need for Dialogue With Azerbaijan

NC2007114995 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0907 GMT 19 Jul 95

[FBIS Transcribed Text] Stepanakert ("Lragir" daily), 07/19/95 — Despite the conditions of unfinished war, the Republic of Mountainous Karabakh [RMK] continues developing its statehood.

Chairman of the RMK Supreme Council Karen Baburyan, Mountainous Karabakh entered a new stage in the development of its statehood, and needs to improve the structure of its powers and administrative bodies, to create efficient levers for implementation of economic changes.

In regard with the goals of newly elected parliament Karen Baburyan said: "Today, our most important task is to develop mechanisms of guarantees for the RMK independence and security of people. Karabakh needs a strong army first of all. And a strong army is not only defined by the number of shells but rather by the humane factor, in other words, by the military soul of the personnel. I believe, this strongly depends on the level of social security of soldiers and officers, those disabled as a result of the war, families who lost a breadwinner. Here is why the parliament of RMK first of all needs to develop a package of documents for social protection of servicepeople and their families".

The second basic goal of the parliament is to create a developed economy, without which, according to Baburyan, is not possible to guarantee security of the republic. "We should take into consideration the fact that traditional economic links between the units of former USSR were so strong they are simply unable to survive without each other. We should take measures for Mountainous Karabakh not to be left out from economic processes in other regions of former USSR. The parliament should accept several laws about changes and improvements in the economic system of the RMK. Falling behind in the field of economy would inevitably affect the army and living conditions of the population, which may result in emigration.

"If we are unable to resolve these two mutually dependent problems and prevent such a course of events, Karabakh will get weaker. This, I believe, is worse then a military defeat in any of the fronts."

According to Baburyan, the framework of foreign relations should be clarified too. "If we declare to the world our support to political resolution of the conflict, we should not exclude the possibility of resolving the conflict based on mutual concessions, without forgetting, of course, the will of Karabakh Armenians, their basic demand expressed during the referendum of 1991. We are still ready to a wise and efficient dialogue with Azerbaijan, we are ready to sit at the negotiations table with it to come to concrete results", Karen Baburyan concluded.

Karabakh Status To Be Discussed After Agreement

NC2007115495 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0907 GMT 19 Jul 95

[FBIS Transcribed Text] Yerevan ("Azg" daily), 07/19/95 — Negotiations on resolution of the Karabakh conflict, within the framework of OSCE Minsk group, will be held in Vienna on 25 July.

According to Armenian Deputy Foreign Minister Vardan Oskanyan, after the recent visit to Baku co-chairmen of the Minsk group concluded that Armenia's position is probably the best: status of Mountainous Karabakh should not be involved in negotiations. During the last stage of negotiations in Moscow, the problem of status was being raised by both Azerbaijan and Karabakh. Karabakh wanted to know what status can it expect after withdrawing the forces. Azerbaijan, in turn, wanted to know whether Karabakh will agree to the status they would like to offer, before freezing the situation. According to Vardan Oskanian, basic differences in the positions of Armenia and Karabakh concern its status.

Now, it seems that Baku will agree to postpone discussion of the status, since it would like to concentrate on the political agreement. The main obstacles to the political agreement remains the problem of Lachin and Shushi. Armenian and Mountainous Karabakh insist the problem of Shushi can only be discussed together with the problem of Lachin.

Mr. Oskanyan said that the problems of withdrawing the forces and return of refugees have also been discussed. In an interview to the Azeri Khabar-Service agency Vladimir Kazimirov said that an agreement was reached, as a result of negotiations within the framework of OSCE Minsk group, that 10 Azeri prisoners of war, kept in Karabakh, will soon be liberated.

Azerbaijan

Foreign Minister Discusses Upcoming OSCE Session

NC2007152895 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 20 Jul 95

[Interview with Foreign Minister Gasan Gasanov by unidentified correspondent; place and date not given—recorded]

[FBIS Translated Text] [Begin recording] [Correspondent] Mr. Minister, the Nagorno-Karabakh problem will

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be discussed at the regular OSCE session on 24 July. The Azerbaijani delegation will participate. What can we expect from this meeting?

[Gasanov] The Azerbaijani and Armenian positions are so far apart that it is unrealistic to expect results in the near future. Our basic aim at these talks is to continue discussing how to liberate Shusha and Lachin. We need to work to find the formula.

[Correspondent] Is it possible to bring the sides' positions closer on the basic issue?

[Gasanov] There are ongoing negotiations and a desire to peacefully solve the problem. The sides should not deviate from this position. If any one side abandons the peace process then the talks are bound to collapse and the entire process could be reversed. We must make the Azerbaijani and Armenian positions coincide to solve the problem peacefully and diplomatically. There are differences in the positions on specific issues. They should be solved through talks. We hope the Armenians finally see reality. [end recording]

Gasanov Comments on Appointment of U.S. Special Envoy

NC2007171595 Baku TURAN in English 1450 GMT 20 Jul 95

["Foreign Minister About Nomination of Joseph Presel as Special Negotiator for Nagorno-Karabakh"—TURAN headline]

[FBIS Transcribed Text] Baku/20.07.95/TURAN — Azerbaijan's Foreign Minister Gasan Gasanov in his interview to TURAN agency underlines that Presel has been representing the U.S. at the negotiations within the frameworks of the Minsk group for a long time and he is quite competent in the issues concerning the settling of the Armenian-Azeri conflict. "We hope that Joseph Presel, as a competent and well informed man, will do his best to speed up the resolution of the problem. We also rely that he would understand that the problem of Shusha and Lachin is a key point for the settlement. I personally told him about the significance of Shusha and Lachin regions. We rely that his new more high rank will give him more chances for the resolution of the conflict," Gasan Gasanov said.

Iranian Friendship Society Blames U.S. for Poor Ties

NC2007165195 Baku TURAN in English 1450 GMT 20 Jul 95

[FBIS Transcribed Text] Baku/20.07.95/TURAN — "Worsening of the Azerbaijani-Irani relations over the past time is the consequence of direct and indirect interference of the U.S. in Azerbaijani affairs", the statement of the society of Azerbaijani-Irani friendship "Simurg" reads. The document also says that the U.S., which repeats about the friendship with Azerbaijan over and over again, exerted the pressure on Turkey with the purpose to open the air corridor to Armenia, the country which occupied 20 percent of Azerbaijani territory. "While the whole world provides assistance to Azerbaijan, the United States do not think it necessary to annul 907 Amendment to Freedom Support Act and once again left Azerbaijan without humanitarian assistance".

The statement notes that the "Unites States insist on Iran's dropping out of the oil consortium. 'Simurg' society sees direct responsibility of the American Embassy in Baku for adoption such a resolution".

The society believes that other reasons promoting all that was the position of several political parties, mass media and lack of experience of the Irani Embassy in Baku.

"Simurg" considers development of Irani-Azerbaijani relations strategically important for both states and it will make every efforts for their strengthening", the end of the statement reads. [no beginning quote marks, as received]

Deputy Premier on Oil Export Via Russia, Georgia

NC2007160195 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 20 Jul 95

[FBIS Translated Text] First Deputy Prime Minister Abbas Abbasov has informed KHABAR-SERVICE news agency that the early oil to be extracted from Azerbaijan's offshore fields will be exported via Russia and Georgia simultaneously.

According to the available information, the Russian oil pipeline is inadequate for the transport of all the oil and therefore Azerbaijan has signed an agreement with Georgia on the export of the early oil. This agreement is also beneficial for Azerbaijan. The Georgian route will ensure the future export of the early oil to Europe.

Abbas Abbasov noted that the export of oil via Georgia does not necessarily mean that it will be routed to Turkey. It is possible to ship the oil to Bulgaria, Italy, Spain, Romania, and other countries via the Black Sea.

Interest in Black Sea Economic Ties Viewed

954F2801A Baku ZERKALO in Russian 8 Jul 95 No 25, p 6

[Interview with Gasan Gasanov, minister of foreign affairs, and Azerbaijani diplomat Anar Mamedov, by LIT-

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ERATURNAYA GAZETA correspondent E. Akhundova, special for ZERKALO; place and date not given: "ChES as a Component Part of the Eurasian Economic Architecture"]

[FBIS Translated Text] Sofia-Bucharest-Baku—The Azerbaijani delegation flew to Bucharest from Bulgaria. President Geydar Aliyev decided to combine participation in the second meeting of the countries of the Black Sea Economic Cooperation [ChES] with an official visit to these two Balkan countries. During the visit a sum total of 10 interstate documents were signed, calling for a legal foundation to be placed under bilateral relations in the most varied spheres—from oil and metallurgy to culture and sports. At the conclusion of the visit I asked Minister of Foreign Affairs of Azerbaijan Gasan Gasanov what brought about Azerbaijan's interest in these two countries.

[Gasanov] The mutual interest of Azerbaijan in Bulgaria and Romania and of these two countries in Azerbaijan is determined by a number of factors. First, we existed for almost a half century in a single socialist space with these countries, as a result of which numerous ties and connections in the scientific-technical, economic, and technological spheres appeared here. We lost these ties to a certain degree in the turmoil of perestroyka and the dissolution of the USSR. Now, displaying a mutual interest, we have decided to restore them.

The second factor was our entry into the ChES . Any cooperation in the framework of any kind of international organization without fail requires the presence of earnest bilateral relations.

The third factor is the presence of an oil industry in Romania and Azerbaijan and an interest in the oil industry in Bulgaria. Both Bulgaria and Romania are carefully following what route Azerbaijani oil will take to Europe. Many variants are being discussed now. It is natural that Bulgaria and Romania would also want to have their place in this route. This subject requires serious study, but, nonetheless, it has been declared.... The visits, from our standpoint, proved to be successful, inasmuch as these factors were included in the contents of the negotiations and the documents.

In the course of Aliyev's official negotiations with Zhelev and Iliescu the prospects of bilateral relations were examined in a regional context. For example, all three presidents animatedly discussed the possibility of cooperation in the establishment of direct transport lines between Azerbaijan, Georgia, Bulgaria, and Romania, and other countries of the Black Sea-Caspian region, which would make it possible to reduce significantly the main route now going through the territory of Russia and Ukraine. The "transport corridor" project, which will make it possible to unite East Europe, Turkey, and the Caucasus with Central Asia and China, in the words of Geydar Aliyev, has aroused the interest of the European Community, which is prepared to offer financial assistance for implementation of this project.

The subject of the future export oil pipeline, via which "important" Azerbaijan oil will be delivered to world markets, was also discussed. Zhelyu Zhelev proposed his variant of the oil pipeline route: Baku—Poti (Georgia)—Burgas (Bulgaria)—the Adriatic. In the opinion of the president of Azerbaijan, this variant deserves attention and will be examined by a consortium among others It is interesting that this variant is in conflict with the project of Russian experts in whose plans the port of Burgas also figures. However, the route to it should, according to the Russian plan, pass through Novorossiysk. I asked Zh. Zhelev about this contradiction at a press conference. "I do not see any kind of contradiction," answered the president of Bulgaria. "I do not think that one side will suffer from the fact that two pipelines will pass through its territory. It is always better to have several raw material sources."

The necessity for the elaboration of major projects in the sphere of transport and communications that would encompass a single network of countries of the Black Sea and Caspian regions was also at the center of attention of the participants in the second high-level summit of the member countries of the Black Sea Economic Cooperation. This new formation was established exactly three years ago at Turkey's initiative. At that time, with the adoption of the Istanbul declaration, several countries proclaimed the establishment of this association.

The ChES is a rather interesting international structure. First, its members are countries of the postconfrontation space that until recently were developing according to different and frequently opposite political-economic models. At the present time 11 states are members of the ChES (Russia, Turkey, Ukraine, Bulgaria, Romania, Azerbaijan, Armenia, Albania, Moldova, Georgia, and Greece). Austria, Italy, Poland, Slovakia, and a number of other European states received the status of observers. Second, countries that are in tense and at times conflict situations with each other (Turkey-Greece, Azerbaijan-Armenia) have announced a readiness for economic cooperation.

Oleg Soskovets, who heads the large Russian delegation, thinks that the economic integration of the countries of the Black Sea region has good prospects. Most of all, major projects for the development of a common infrastructure and communications system and the creation of a unified transport network, common energy systems, and a free trade zone. "The ChES,"

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said Soskovets, "can cooperate successfully in the fight against organized crime in the countries of the region, against the smuggling of narcotics and arms, and against international terrorism." However, in order to implement all these and other projects, it is necessary to make changes in the ChES organizational structure and to make it more efficient. He even proposed giving the ChES the status of a legal entity international organization.

Prime Minister of Ukraine Yevhen Marchuk developed Oleg Soskovets' proposal in his own speech. In his opinion, in order for the ChES to function normally it is necessary to establish an internal basis for international cooperation: to bring legislation in the member countries into conformity, prepare a package of bilateral and multilateral agreements on unification of the trade system, and the main thing—create a unified investment space within the framework of the ChES. Therefore, all agreed on the necessity to organize work on the founding of a Black Sea Development and Trade Bank, which in the words of the president of Azerbaijan should become the basis of a system of financial-accounting inside the ChES and a spur to the implementation of major regional projects. This matter, of course, depends on finances, for which a majority of the member countries are hard pressed. It is for this reason, the presidents of Bulgaria and Georgia emphasized in their speeches, that it is necessary to work on projects that would interest the European Union and international financial structures. "Without the close cooperation of the EU [European Union]," Eduard Shevardnadze believes, "it is not even worth thinking about the normal functioning of the ChES." In addition, the Georgian president proposed that it is necessary to establish a contact group on ties with the CIS, inasmuch as many ChES members are simultaneously members of the Commonwealth of Independent States.

President of Azerbaijan G. Aliyev came out at the summit with proposals on closer cooperation between the Black Sea and Caspian regions, for which it is "necessary to develop and perfect a legislative base of the ChES countries on regional trade." G. Aliyev believes that the development of land lines of communication and telecommunications, which are vitally important arteries of the entire mechanism of cooperation within the ChES framework, require special attention. In the opinion of the president of Azerbaijan, one of the first such projects in whose implementation the member countries of the Black Sea Cooperation will participate is work on an oil contract and resolution of the problem of transporting the energy resources of the Caspian Sea.

At the conclusion of the meeting, all the members unanimously voted to adopt the Bucharest Declaration, in which 11 member countries declared their readiness to develop economic collaboration and interstate cooperation. A decision was also made to study all the proposals suggested at the summit and to form a legal framework for the ChES. In the near term they planned to conduct a forum of business people of the Black Sea Cooperation in April 1996 with the support of the EU. [end Gasanov]

[Akhundova] At the conclusion of the summit I asked Anar Mamedov, an Azerbaijani diplomat in charge of questions relating to international economic organizations in the republic Ministry of Foreign Affairs, to comment on its results.

[Mamedov] The organization is young. Three years is a short period to talk about specific results. But there have been results. In particular, definite progress has already been achieved in the establishment of the Black Sea Development and Trade Bank. It has been founded, and it will go into operation in October-November of this year, providing a financial base for the implementation of major projects in the zone of Black Sea Economic Cooperation.

The remaining projects, which concern transport, power engineering, communications, that is, those sectors without which collaboration is not possible at all, and which are the arteries of cooperation and integration, are at the stage of being studied by experts, and we hope that these projects will be implemented in the near future.

Now, about the prospects. The organization is arousing interest among such important regional organizations as the European Union. The EU, for example, has assumed financial responsibility for preparing the business plan of the Development and Trade Bank. We assess the place of the ChES in the modern world as a component element of the Eurasian architecture that is forming and, possibly, this is one of those new forms of economic cooperation that in the future will unite the countries of Europe and the East. There is consensus among the countries that are ChES members, and this is a guarantee of success. There are also problems, many of them, but they will apparently be resolved, because the will to resolve them exists.

Russian Proposal Favored for Phased Karabakh Solution

NC2007140695 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 20 Jul 95

[FBIS Translated Text] Commenting on the Russian proposal on a stage-by-stage solution of the Karabakh conflict—that is, the liberation of the occupied Azerbaijani lands and the return of the refugees to their

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homes—Deputy Chairman of Azerbaijani Supreme Soviet Yashar Aliyev announced that this variant is fully acceptable to Azerbaijan. He also stated that we intend to bring about a meeting of the religious leaders of Armenia and Azerbaijan through the mediation of Russian Patriarch Aleksiy II.

Asked by a KHABAR-SERVICE reporter if this plan will not delay the solution of the Shusha and Lachin problem, Yashar Aliyev said that instead this will break the near deadlock in the negotiating process.

Baku Seeks Freeing of Occupied Cities in Nagorno-Karabakh

LD2007185795 Moscow INTERFAX in English 1622 GMT 20 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] BAKU, July 20 (INTERFAX) — Azerbaijani Foreign Minister Gasan Gasanov has told INTERFAX that Baku will insist on "the top-priority resolution of the issue of freeing the occupied Azerbaijani cities of Lachin and Shusha" (situated in Nagorno-Karabakh — IF note) at the future meeting of the OSCE Minsk Group in Baden on July 24.

Gasanov will attend the meeting where consultations on Armenian-Azerbaijani settlement will continue.

A source in the Azerbaijani presidential staff told INTERFAX that "Baku assigns top priority to freeing Lachin and Shusha as well as all occupied territories outside Nagorno-Karabakh." The resolution of the issue will imply that of all other key settlement issues, including the status of Nagorno-Karabakh, he added.

The source underlined that "for the moment Armenia occupies 20 percent of Azerbaijan's territory, as a result of which about 1 million refugees are staying in Azerbaijani."

Georgia

Shevardnadze, Ioseliani Disagree Over Abkhazia

LD2007180995 Moscow INTERFAX in English 1556 GMT 20 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Representatives of Georgia and its breakaway autonomy of South Ossetia aided by Russian experts met in the autonomy's administrative center Tskhinval on Thursday [20 July] to discuss a draft resolution on the future of South Ossetia drawn up by a mixed commission for the regional conflict which continued further consultations in Tbilisi yesterday.

The draft will be submitted to the governments of Georgia and South Ossetia, Russia's representative to the commission Nikolay Medvedyev told reporters in Tbilisi. He said repatriation of refugees and postwar reconstruction in Tskhinval region dominated the agenda of yesterday's meeting.

For his part, OSCE envoy for Georgia Peter Boden who was also involved in the meeting said the adoption of a new Georgian constitution which provides for wider autonomy to South Ossetia was the only way of settling the regional conflict which, he says, "nearer to a solution than the Abkhaz conflict." He attributes the success to the mixed commission.

Searches for a regional settlement are taking place against the backdrop of a new round of confrontation between Georgia's head of state Eduard Shevardnadze and leader of the opposition paramilitary Mkhedrioni grouping Jaba Ioseliani who was largely behind Shevardnadze's comeback after the ousting of President Zviad Gamsakhurdia late in 1992.

Shevardnadze had driven a policy of constructive engagement with Ioselini, widely known for his criminal contacts in and outside the country, by offering him responsible government posts. However, the two men started to drift wide apart soon after the downfall of Sukhumi in autumn 1993. Ioseliani favors a military solution to the Abkhaz problem, but Shevardnadze prefers it to be resolved at the negotiating table with Moscow's help.

Ioseliani's intention to transform Mkhedrioni into a political party ahead of general elections later this year sparked off stormy protests from Shevardnadze who said he would never allow "the criminals" to wield influence in big politics.

Medvedyev and members of the mixed commission met Shevardnadze on Wednesday to inform him that the entire agenda of yesterday's meeting had been discussed. Both sides were satisfied over the work done, Shevardnadze's press office reported.

Ioseliani: Shevardnadze Reintroducing Despotic Rule

LD2107112895 Moscow INTERFAX in English 0955 GMT 21 Jul 95

[FBIS Transcribed Text] TBILISI, JULY 21 (INTERFAX) — A member of the Georgian parliament and the founder and all-times leader of the paramilitary

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Mkhedrioni organization Djaba Ioseliani accuses Georgian leader Eduard Shevardnadze of trying to reintroduce "the oriental brand of despotic rule" in Georgia.

"His attempts to introduce presidency translate into attempts to legalize the unrestricted authority that was granted to him at the time of the Abkhazian war. Or, to be even more specific, it is exclusively in his own interests that he is introducing presidency," Ioseliani said Thursday evening in an interview with INTERFAX.

"We have already learnt this sad lesson but they want to learn it a second time," Ioseliani said in reference to the period of Zviad Gamsakhurdia's rule.

Earlier Ioseliani said that Mkhedrioni would take part in the upccoming parliamentary elections. In response, Shevardnadze said that he would not allow criminal elements into politics.

According to Ioseliani, "it is on Mkhedrioni's back that Shevardnadze rode to power."

"We are sick and tired of being taken for junk that can be dumped after use," Ioseliani said. "Moreover, he added, we are held to blame for all sins. That is why we decided to politisize and fight for power and genuine democracy. Provocational moves have already been made and will be made against us but we are not afraid."

Asked about his personal view of Shevardnadze, Ioseliani said that he had never harbored illusions about the man. Shevardnadze, he said, "is doubtlessly a shrewd but cunning and cagey person."

Ioseliani hoped that the Georgian people would "make the right choice" in the upcoming elections.

Peacekeepers Question Abkhazia Use of Russian APCs

LD2007164195 Tbilisi IPRINDA in Russian 1415 GMT 20 Jul 95

[FBIS Translated Text] Zugdidi, 20 Jul — An IPRINDA correspondent reports that three armored personnel carriers [APCs] with representatives of the Abkhaz administration entered the Gali district villages of Otobaia and Pichora on 19 July. The Abkhaz administration wanted to convene a meeting of the local ethnic Georgian population. The principal aim of the meeting was to register the local population for further conscription to the Abkhaz guard. Unwilling to serve in the Abkhaz armed forces, the ethnic Georgians residing in the villages did not turn up at the meeting. They had left their villages and crossed the Inguri River to Zugdidi district.

Representatives of the Russian peacekeeping forces promised the local ethnic Georgian population that they would not allow incidents like this to recur.

As for the three armored vehicles used by the Abkhaz side, it was found out that they belonged to the Russian peacekeeping contingent and had been earlier sent for repair work to the town of Gali. The command of the blue helmets is puzzled how the Abkhaz side got hold of the combat vehicles.

Joint Commission on Ossetia Meets in Tbilisi

LD2007153595 Tbilisi Radio Tbilisi Network in Georgian 1200 GMT 20 Jul 95

[FBIS Translated Text] A joint quadripartite control commission for settling the Georgian-Ossetian conflict, which includes representatives of Georgia, Russia, North Ossetia, and Tskhinvali region [South Ossetia], has held its session in Tbilisi. The commission considered issues related to financing and carrying out construction and restoration work as well as repatriating ethnic Ossetian refugees from North Ossetia to Georgia. It was pointed out that Russia had allocated R6.7 billion for restoration work, of which over R4 billion has already been used. Georgia is not able to finance the works at present because of certain difficulties.

Georgian Deputy Prime Minister Irakli Mengharishvili, chairman of the joint commission, said that it would be wrong to divide the region into ethnic zones and carry out work according to this.

When discussing the return of refugees, the commission noted that just over 30,000 refugees reside in North Ossetia at the moment. Personal details of 23,000 refugees have already been recorded. It has been found out that 41 percent of those gave fake address of their former residence. When filling in forms, they gave addresses of houses damaged during combat activities obviously to get compensation from the North Ossetian government.

Some 140 houses belonging to refugees are completely destroyed and 1,360 houses are seriously damaged.

The joint control commission is in session in Tskhinvali today to discuss a political status of the Tskhinvali region and deployment of peacekeeping froces in the region.

Deputies View Discussion of Draft Constitution

LD2007144195 Moscow INTERFAX in English 1213 GMT 20 Jul 95

[FBIS Transcribed Text] TBILISI, July 20 (INTERFAX) — Next week Georgian parliament must adopt or decline a draft of Georgia's constitution. Intensive discussions on the draft are underway at a specially formed parliamentary conciliatory commission made up of all parliament factions.

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One of the leaders of the parliamentary majority coalition, Roman Dolidze, declared to INTERFAX that the process of the Constitution's discussion is advancing with difficulty, the opposition is against any compromise practically on all principal issues. For example, it insists on excluding the institution of the presidency from the constitution and to create a parliamentary republic. The opposition also demands to create a one-chamber parliament and opposes a federative state system. Despite such principal disagreements, Dolidze believes that the draft of the new constitution will be adopted in the end.

Leader of the republic's opposition Republican Party Nodar Natadze is of another opinion and believes that it is a crime to adopt a constitution at a time when Georgia's jurisdiction does not cover Abkhazia and South Ossetia.

Natadze described the state's federative-territorial system as a return to feudalism.

Leader of the party of Georgia's National Independence Irakly Tsereteli declared that the draft constitution will not receive the needed two-thirds of votes in parliament. Tsereteli said that on Saturday six opposition parties will hold a congress in Tbilisi to determine their position with respect to the constitution.

"We also plan to raise the issue of impeaching Eduard Shevardnadze, who made fateful mistakes for Georgia, in the parliament," Tsereteli declared.

National Democrats To Withdraw From Shevardnadze Talks

LD2007173195 Tbilisi IPRINDA in Russian 1415 GMT 20 Jul 95

[FBIS Translated Text] Tbilisi, 20 Jul — A news conference was held at the headquarters of the Georgian National Democratic Party [GNDP] on 20 July. The situation in Georgia during the run-up to the 5 November elections was the topic of the news conference.

Giorgi Kobakhidze, one of the GNDP leaders, said that a draft constitution proposed by Eduard Shevardnadze had no signs of democracy in it and could lead to an authoritarian regime. In Kobakhidze's view, Shevardnadze, given he is elected president, wants to get a personal right to dissolve the parliament if he is not satisfied with its activities. Kobakhidze said that Georgia was at the third stage of dictatorship [as received] at the moment.

Proceeding from the above, the GNDP intended to stop consultations with the head of state over the constitutional issues, Kobakhidze said.

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